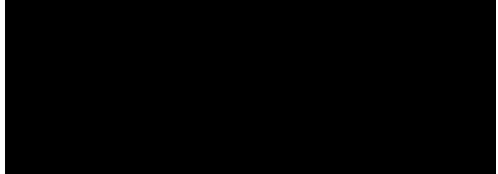


Stormont Castle
BELFAST
BT4 3TT



**Michael Potter
Committee for TEO
Room 412
Parliament Buildings
Ballymiscaw
Stormont
BELFAST
BT4 3SR**

08 April 2021

Dear Michael

JUNIOR MINISTERS – BREXIT ORAL EVIDENCE SESSION

Thank you for your letter dated 28 January 2021 requesting information in relation to the Joint Consultative Working Group, measurement of progress and the Shared Prosperity Fund which Junior Ministers agreed to provide when they briefed the Committee on 27 January 2021.

The Committee has received a written monthly update on EU Exit matters for February on 26 February which provided information on the Joint Consultative Working Group and measurement of progress.

Shared Prosperity Fund (SPF)

Junior Ministers agreed to provide further information on the Shared Prosperity Fund, in particular, the extent to which the Fund will replace EU funds.

On 25 November 2020 as part of the Spending Review, the UK Government announced that £220m will be allocated in 2021-22 to help local areas prepare for the introduction of the SPF.

Department of Finance officials previously advised Members during a briefing on EU Funding Programmes on the 9 December 2020 around the lack of clarity in relation to the SPF and this lack of clarity continues.

A pilot programme for the Shared Prosperity Fund for 2021-2022, that is worth £220 million across the whole of the UK has been launched, however, is significantly lower than was expected.

Input provided by the Department of Finance, as the lead department for the Shared Prosperity Fund, is attached at Annex 1.

Yours sincerely

[signed]

A black rectangular box redacting the signature of the Departmental Assembly Liaison Officer.

Departmental Assembly Liaison Officer

Shared Prosperity Fund – Update provided by Department of Finance

- It is understood that SPF (Shared Prosperity Fund) will be used to replace ESF (European Social Funding) & ERDF (European Regional Development Funding) and that consideration will be given at Spending Review 2021 whether to replace LEADER (Liaison Entre Actions de Développement de l'Économie Rurale) and EAFRD (European Agricultural Fund for Rural Development) through the SPF or other farm support programmes.
- It remains disappointing that there is no clarity on SPF. It was expected this would be provided at the Spending Review, however this did not provide any greater clarity.
- On quantum, the Chancellor failed to commit to fully replacing the funding that we received from EU sources, rather he suggested that the funding levels would ramp up over time until they eventually represented full replacement of the EU income. How this will work in practice remains unclear and we are seeking clarification.
- It is not yet known what our share of the £220m for the pilot schemes or of the £1.5b for the full SPF will be.
- Detail on the “Pilot” programmes which were announced in the Spending Review and promised by Jan 2021 have not been forthcoming and have now been pushed back to the spring. It is anticipated the Prospectus for this ‘transition’ fund will be available for the Spring Budget announcement. This delay is extremely disappointing.
- Details on allocations from the £220 million announced for “Pilot” programmes are now needed as a matter of urgency. The extra time on the publication of the prospectus should be used to provide us with sight to ensure it meets our immediate needs and is deliverable here.

- The delay in providing clarity will only extend the current uncertainty, place additional pressure on the Executive's budget and hinder our ability to respond to the current economic situation and covid recovery.
- On average we received £70m per annum through the funds due to be replaced by SPF the uncertainty around quantum prevents us from assessing the complete implications for full replacement.
- The delay in establishing this fund has created an immediate pressure for us as this prevents us from writing new business and issuing letters of offer for replacement programmes.
- It remains a concern that tails of EU receipts on existing programmes will be taken into account in allocating SPF funding. This does not represent full replacement funding and is not acceptable.
- We anticipate that engagement on the design and development of the Investment Framework for SPF will begin after the Prospectus for the "Pilot" programmes has been published. This work is expected to commence late Spring/early Summer.
- Funding for SPF will eventually 'ramp up' to £1.5 billion. Allocations will be subject to the 2021 Spending Review and we anticipate the UK government will confirm a multi-year funding profile.
- It is understood that SPF will be delivered using the UK Internal Market Act (UKIMA), this causes a major concern over how the Shared Prosperity Fund will operate and raises the possibility that delivery structures will not respect the Devolved settlement.
- The 1998 agreement as implemented by the Northern Ireland Act 1998 established our Executive and Assembly and set out the powers that those

institutions would have. It further set out how those institutions should take decisions to ensure that all communities here are represented.

- The agreement further requires that the devolved institutions would be the “Prime source of authority in respect of all devolved responsibilities”. The Shared Prosperity Fund will operate in the devolved sphere and the primacy of the Executive and Assembly in devolved matters must fully acknowledged and respected.



Committee for the Executive Office

David McCreedy
Communications and Executive Support
SD20
Stormont Castle
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Belfast
BT4 3TT

28 January 2021

Dear David,

JUNIOR MINISTERS- BREXIT ORAL EVIDENCE SESSION

At its meeting on 27 January 2021, the Committee for the Executive Office received an update on Brexit issues from Junior Minister Lyons and Junior Minister Kearney.

During the oral evidence session, Junior Ministers agreed to provide the following information:

- **Joint Consultative Working Group (JCWG)**

As the JCWG is mandated to meet at least once a month, Junior Ministers agreed to provide details of these meetings and any Executive actions at the JCWG meetings to the Committee going forward.

- **Measurement of Progress**

Junior Ministers agreed to provide details on how officials measure progress in the post-transition period of Brexit, in particular, what commitments have been made and what progress has been made towards fulfilling these commitments.

- **Shared Prosperity Fund (SPF)**

Junior Ministers agreed to provide further information on the Shared Prosperity Fund, in particular, the extent to which the Fund will replace EU funds. On 25 November 2020 as part of the Spending Review, the UK Government announced that £220m will be allocated in 2021-22 to help local areas prepare for the introduction of the SPF.

There remains no clarity surrounding the operation of SPF. Department of Financial Officials previously advised Members during a briefing on EU Funding Programmes on the 9 December 2020:

'A pilot programme for the Shared Prosperity Fund will be launched in January, that is worth £220 million across the whole of the UK, which is significantly less than we were expecting.'

I would appreciate a response by **11 February 2021**.

Yours sincerely

Michael Potter

Michael Potter Clerk, Committee for the Executive Office

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