



**Northern Ireland  
Assembly**

**Committee for Finance and Personnel**

Room 243

Parliament Buildings

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**From: Shane McAteer**  
**Clerk to the Committee for Finance and Personnel**

**Date: 22 January 2016**


**To: Kathy O'Hanlon Clerk to Committee for the Office of the First Minister  
and deputy First Minister**

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**European Priorities and European Commission Work Programme 2016**

Further to your previous correspondence on the above, at its meeting on 20 January 2016, the Committee for Finance and Personnel agreed the enclosed response.

**SHANE MCATEER**

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## **EUROPEAN COMMISSION WORK PROGRAMME 2016 – COMMITTEE PRIORITIES**

### **Committee: Finance and Personnel Committee**

#### **Background**

At the Committee meeting on 2 December 2015, members considered correspondence from the Committee for the Office of the First and deputy First Minister (COFMDFM) seeking views on the relevant areas within the European Commission Work Programme for 2016.

Members noted that COFMDFM compiles an annual report on Assembly Committee European priorities and that, to this end, Assembly Research and Information Service (RaISe) was commissioned to undertake an analysis of the European Commission Work Programme for 2016, identifying any areas of potential interest for Assembly statutory committees and Executive departments.

The Committee for Finance and Personnel considered two such areas which were identified as having direct relevance to the Department of Finance and Personnel (DFP): a new initiative aimed at enhancing transparency of the corporate tax system and to fight tax avoidance; and a “REFIT” action in relation to public procurement. Members agreed to seek a view and further information from DFP on these particular areas.

More generally, the Committee also requested information from the Department on what specific work and activity is planned for the coming year to ensure that DFP is fully engaged in the European sphere. Members requested illustrative examples of activity and work with details of timeframes and outcomes anticipated.

Responses to this request (Annex A) were received by the Committee on 7 & 12 January and considered at its meetings on 13 & 20 January 2016. A draft response based on this information was agreed by the Committee for submission to COFMDFM on 20 January 2016.

## Agreed Priorities from the 2016 European Commission Work Programme

### Proposal 1:

European Commission Work Programme – New Initiatives with implications for DFP

Title	Relevant NI Department	Type of Initiative	Description of scope of objectives	Explanation / Impact on Northern Ireland
Corporate Tax Package	DFP	Legislative/Non Legislative	A set of measures to enhance transparency of the corporate tax system and fight tax avoidance.	<p>Relevant in light of CFP's consideration of the devolution of corporation tax powers to NI. May provide useful background information on international standards in relation to profit-shifting. The initiative proposes a staged approach to any reform and the introduction of a consolidated mandatory tax base. This would mean that corporation tax base i.e. that which is taxed, is made uniform throughout all member states.</p> <p>For further information on the potential devolution of corporation tax to Northern Ireland and an explanation of profit shifting: see PFSU paper <b>NIAR 095-15 Corporation Tax Northern Ireland Bill: Key provisions and considerations.</b> (Dated 12 March 2015).</p>

### Planned committee action:

Members note that the European Commission has presented a package of tax transparency measures aimed at tackling corporation tax avoidance. This is relevant to the DFP given the planned devolution of corporation tax to the Northern Ireland Executive.

The Committee has further noted DFP's assertion that the aim of a Northern Ireland Corporation Tax regime was not "artificial profit sharing" but to boost genuine investment and economic activity. More widely the Committee has recently noted that a Memorandum of Understanding between DFP and HMRC has been agreed. This will enable further progress on work necessary to implement the Executive's commitment to a Northern Ireland Corporation Tax regime from April 2018. The Committee's work in this area over the coming months will concentrate on scrutinising this MoU and other necessary preparations in relation to the exercise of devolved Corporation Tax powers. The Committee may also wish to recommend this as a legacy issue for the new Finance & Personnel Committee to take forward from May 2016 onwards.

### Proposal 2:

European Commission Work Programme – REFIT Actions with implications for DFP

Title	Relevant NI Department	Type of Initiative	Description of scope of objectives	Explanation / Impact on Northern Ireland
Standard Procurement Document and Standard Forms for Public Procurement	DFP	Legislative	Reduction in red tape in relation to public procurement.	This regulation updates the standard form used in submitting tenders for public contracts. This system allows one form to be used to avoid having to repeatedly file the same information for each tender submission.

**Planned committee action:**

Members have noted the REFIT action in the European Commission Work Programme in relation to the provision of standard documentation and forms for public procurement. This has particular relevance to the Committee's scrutiny of the work of the Central Procurement Directorate (CPD) in DFP.

The Committee noted information provided by DFP in relation to provision for a European Single Procurement Document (ESPD) and the link between this concept and work already progressed by CPD – e.g. the development of simplified prequalification processes – and that these Northern Ireland developments are progressed with a view to making public procurement opportunities more accessible to SMEs. Members note that CPD raised concerns with the ESPD (through the Cabinet Office) but that the European Commission is proceeding with the Directive whilst taking a flexible view on implementation.

The Committee will await a further update on the conclusion of engagement between the Cabinet Office and the European Commission from DFP in due course, as well as the outputs from workshops for devolved administrations organised by the Cabinet Office. In the meantime, the development of eTendersNI as a single procurement portal for Centres of Procurement Expertise (CoPEs) and councils and standardised approaches to procurement documentation will factor in future Committee scrutiny in procurement issues.

The aforementioned initiatives by DFP relate back to several key policy areas in which the Committee recommended improvements as part of its major Inquiry into Public Sector Procurement in NI, which was concluded in the last mandate. The Committee has scheduled a further update briefing from DFP on public procurement issues before the end of mandate and this area is likely to be highlighted as a legacy issue for a new Finance & Personnel Committee given the importance of public procurement in terms of public spending and the wider economy.

**Other EU activity planned for 2016**

The Committee receives regular briefings from the Department on developments in relation to the European Union Structural Funds Programme relevant to DFP and will continue to do so in 2016.

An update briefing from both DFP and the Special European Union Programmes Body (SEUPB) is scheduled to take place on 27 February 2016. It is anticipated that this session will focus on the recently approved 2014-20 PEACE IV and INTERREG VA EU Cross Border Cooperation Programmes. The Committee recently noted that the SEUPB, as programme Managing Authority, is making arrangements for the launch of PEACE IV in early 2016. The INTERREG VA Programme has already opened, with the first calls for project applications in August 2015. The written updates received from DFP have been circulated by the

Committee to the other relevant statutory committees for information and scrutiny as appropriate.

Aside from EU Funding issues, the Committee will continue to scrutinise the various areas of policy and legislation within the DFP remit which are influenced by European Directives and legislation, as applicable, such as Buildings Regulations, Civil Law and Public Procurement. On the latter issue, most recently the Committee was updated in respect of DFP's contribution to the Evaluation of the effectiveness of provisions of Directive 2007/66/EC - remedies in the field of public procurement.

### **Other comments**

To assist the Committee in its response to COFMDFM, members also asked DFP for a general departmental update on what specific work and activity in the European sphere was planned for the coming year.

Members note that there are several business areas and Directorates within the Department which are engaged in European related work activity. Examples of these include Digital Transformation Service, which participates in the "Four Nations Single Market" discussions. Members also noted the existence of a signed concordat between Enterprise Shared Services and the Estonian Information Systems' Authority which sets out a framework for closer working relationships and opportunities for sharing and collaboration.

Moving forward the Committee will continue to scrutinise applicable business areas in DFP to ensure that the Department is fully engaged in Europe; in particular, members will wish to ensure that DFP plays its part to ensure that Northern Ireland fully exploits every opportunity to maximise the drawdown of competitive EU funds – an explicit aim of the European Taskforce Steering Group and European Division within DFP is represented on this group. Members will also continue to monitor developments in the public procurement arena as well as the liaison between CPD and the NI Executive's office in Brussels which aims to give early notice of relevant EU developments in this dynamic area.

### **COMMITTEE ACTIVITY ON 2015 EUROPEAN PRIORITIES**

The Committee has noted its previous return on its activity on 2015 European Priorities and has no further comment to make.

### **Other EU activity undertaken in 2015**

As outlined in previous return.

### **Other comments**

None.

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Mr Shane McAteer  
Clerk  
Committee for Finance and Personnel  
Room 419  
Parliament Buildings  
Stormont

Our Ref CFP/498/11-16

07 January 2015

**Dear Shane,**

Your letter of 08 December requested information on updates on two areas of relevance for DFP arising from COFMDFM's report on Assembly Committee European Priorities;

- a new initiative aimed at enhancing transparency of the corporate tax system and fight tax avoidance, and
- a "REFIT" action in relation to public procurement

The Committee also requested information on work being undertaken in the Department for the coming year to ensure that DFP is fully engaged in the European sphere.

The Department's response to these queries is included at Annex A.

**CASSIDY**  
**Departmental Assembly Liaison Officer**

## **Annex A**

### **Corporation Tax Transparency**

- Earlier this year the European Commission presented a package of tax transparency measures aimed at tackling corporation tax avoidance. That included proposals to introduce the automatic exchange of information between Member States on their tax rulings.
- This package of measures and related work by the European Commission (EC) and the OECD seeks to apply rules internationally and ensure that companies pay their fair rate of taxation.
- The UK Government will lead engagement with the European Commission on these issues. Nevertheless, the Northern Ireland Corporation Tax regime has been designed to boost genuine investment and economic activity here with the aim of transforming the local economy. Artificial profit shifting is not, and was never, its aim.
- The national and international implementation of actions which seek to better align tax on profits with the economic activity that generates them could act to assist the Executive as it seeks to maximise the economic benefits and manage the public spending implications of a new lower Corporation Tax regime.

### **Standard Procurement Document and Standard Forms for Public Procurement**

- The 2014 EU Public Procurement Directive makes provision for a European Single Procurement Document (ESPD) as a standard form for the initial qualification aspects of a public procurement exercise, underpinned by the eCertis system where contractors across the EU can access qualification questionnaires and templates. The European Commission has been developing the form of the ESPD, which could be submitted by cross-border bidders in place of a pre-qualification questionnaire.

- The concept behind the ESPD in fact follows a direction on which CPD has already embarked for Northern Ireland through, for example, the development of simplified prequalification processes; standard supplier questionnaires for construction contracts in the new eTendersNI system; and checking credentials only of winning bidders. The CPD developments have taken place in consultation with local industry and are aimed at streamlining procedures, in particular to help make public procurement opportunities more accessible to SMEs.
- There are however issues about implementing a common system across the wide range of public procurement arrangements customary in Member States, and CPD raised concerns with the Cabinet Office, which were reflected in Cabinet Office's submissions to the European Commission, about the practical impact of the draft ESPD, including its potential to add bureaucracy in the case of consortia bids. For these reasons the Cabinet Office wrote to the European Commission requesting that implementation of the ESPD be deferred until the revised eCertis system was developed.
- CPD has, however, at the time of writing just received confirmation that the European Commission is proceeding with the ESPD but taking a flexible view on implementation, stating that each Member State should comply with it as soon as possible. In addition, Cabinet Office has been in discussion with the European Commission on the practical operation of the ESPD. CPD is awaiting the conclusions of this engagement and Cabinet Office is to organise a workshop for devolved administrations. CPD is anticipating further developments and will continue to keep the Committee briefed.
- In the meantime, however, CPD is exploring ways of bringing further commonality to procurement by government bodies with the implementation of eTendersNI as a single procurement portal for CoPEs and councils. Work on a more standardised approach to procurement documents has commenced with the aim of bringing a common look and feel to tender opportunities across the public sector.



## General Departmental Update

### Enterprise Shared Services

#### Digital Transformation Service

Digital Transformation Service (DTS) is participating in the 'Four Nations Single Market' discussions to ensure that NI informs UK actions taken to achieve the EU goal of a Single Market.

A key component to achieve this goal is an EU proposal *“to create a Digital Single Gateway policy that facilitates cross-border trade, reduces the administrative burden for businesses, and reduces barriers to the Single Market. It must be ambitious and build on the existing Points of Single Contact (PSCs) by focusing on Member States developing their existing websites and thus delivering real benefits to businesses, especially SMEs and micro-enterprises. It must also be integrated with **single market priorities** – supporting our ambitions in the goods and services sectors, increasing transparency and digital engagement with businesses, embedding e-government, creating better regulation, and improving implementation, compliance and enforcement. And it must deliver value-for-money for governments, focusing on the improvements that will have the highest impact on competitiveness and growth.”*

These meetings will continue during 2016.

#### Centre for Applied Learning

Corporate HR (CHR) manages an EU Central fund on behalf of the European Taskforce Steering Group (ETSG). An HR Sub-Group of ETSG identifies strategic opportunities aimed at increasing NI's engagement with the EU. A small element of the available funding has been used for the past 8 years to fund an EU Study visit arranged by the Centre for Applied Learning (CAL) on behalf of CHR. NICS staff based in Office of Northern Ireland in Brussels (ONIEB) fully support CAL in the planning of the visit, and fully facilitate the Study Visit.

The next NICS Study Visit has been arranged for 22-25 February 2016. All NICS Departments have been notified about the visit and been asked to provide nominations for up to 15 NICS staff to participate. The purpose of the Study Visit is to allow those staff with direct policy making responsibilities, or those staff working within an EU operational area, access to the Office of the Northern Ireland Executive in Brussels (ONIEB), the EU institutions and to key EU officials.

Participation on the Study Visit benefits Departments in a number of ways, by establishing links with the ONIEB team; engaging directly with EU officials; establishing strategic EU networks; influencing EU policy; identifying EU funding opportunities; and informing / avoiding the potential of infraction.

The format for the visit typically includes

- Accompanied visits to the key EU institutions - Consilium/Council; Parliament (in session if possible)
- Networking opportunities with staff of the Office of the NI Executive in Brussels/EU secondees
- Bi-lateral meetings with relevant DGs
- Meetings with key EU Commission staff

## **General**

ESS Directors have regular meetings/visits with other European countries for the purpose of benchmarking and ideas sharing around Digital/IS/IT.

A Concordat between Enterprise Shared Services (ESS) and the Estonian Information Systems' Authority (RIA) was signed in August 2014. The agreement sets out a framework which will enable and encourage closer working relationships and provide opportunities for sharing and collaboration. RIA and ESS will learn from each other's experiences and build knowledge and skill to apply locally.

## **LPS**

### **INSPIRE Directive**

The INSPIRE Directive aims to establish an infrastructure for spatial information in Europe to support community environmental policies, and policies or activities which may have an impact on the environment. DFP, Land & Property Services is the Legally mandated Organization (LMO) responsible for communicating the INSPIRE message in Northern Ireland and assisting with compliance.

### **Eurogeographics**

Eurogeographics represents the European National Mapping, Cadastral and Land Registry Authorities. DFP, Land & Property Services create and supply updates to all Eurogeographics mapping products covering Northern Ireland and have recently committed to supply web services to the European Location Framework (ELF) project.

## **EU Division**

### **PEACE IV Programme**

The PEACE IV Programme was adopted by the European Commission on 30 November 2015 and will open in early 2016. The programme will contribute towards building a shared and integrated society. The programme is supported by €229 and will focus on four themes: *Shared Education, Children and Young People, Shared Spaces and Services, and Building Positive Relations.*

## **INTERREG VA**

The INTERREG VA Programme was adopted by the European Commission on 13<sup>th</sup> February and opened for funding calls in August. The programme has received €240m ERDF funding to support 4 key priority areas: *Research and Innovation, Environment, Health and Sustainable Transport*.

### **Raise NI participation rates and increase drawdown of EU Territorial Co-Operation funding**

EUD/DFP sits on the European Taskforce Steering Group and responds to OFMdfM requests for information on drawdown of European funding from ETC programmes to which NI are eligible to bid for funding.

The Taskforce aim to increase the drawdown of competitive EU funds by 50% is supported by EUD/DFP by highlighting available competitive funding programmes, supporting and encouraging project applications and monitoring the increase of drawdown on an annual basis.

The 4 ETC programmes to which NI is eligible to bid for funding are Atlantic Area, NW Europe, Interreg Europe (formerly Interreg IVC) and Northern Periphery and Arctic Programmes (NPA). EUD/DFP sits on the Monitoring Committee and Steering Committee for the NPA programme. BIS/UK represent our views at AA, NWE and Interreg Europe Monitoring Committees

## **DSO**

DSO provides a centre of expertise on EU law, advising across Departments and including:

1. Advice and support in transposing EU legislation, managing infractions and EU litigation
2. A dedicated team advising on procurement and State Aid, and
3. A legal officer embedded in ONEIB, who has built a network of legal contacts in the Commission and among other jurisdictions' lawyers; provides bespoke research and advice on individual projects and scrutinises material coming from EU institutions and reports on them for NI Departments;
4. Training to NICS colleagues on topical EU materials

## **Public Spending Directorate**

DFP will continue to build upon work undertaken in 2015 through further engagement with departments to identify private sector infrastructure projects with potential to access finance available from the European Fund for Strategic Investment (EFSI) in the period to 2017. Suitable projects identified by departments will be notified to HM Treasury and inform engagement with the European Investment Bank.

## **CPD**

The focus of recent activity has been on implementing the European Public Procurement Directive through the Public Contracts Regulations 2015, CPD continues to be linked into EU Commission networks on electronic procurement, and innovation and procurement. CPD has also established new arrangements with the NI Executive's Office in Brussels to ensure early notice of relevant EU developments. CPD's new electronic procurement system, eTendersNI, has been developed based on the European Public Procurement Directive's requirements.