

## **UPDATE ON POST-EU EXIT FUNDING AND PROGRAMMES**

### **PURPOSE OF PAPER**

1. To update the PMC on the implications of the UK Leaving the European Union for the ESF and ERDF programmes.

### **DECISIONS REQUIRED**

2. For information only.

### **CURRENT PROGRAMMES**

3. The detailed impact of the UK leaving the EU on the current programmes will depend on whether there is an orderly exit or a no-deal exit. In either case, however the 2014-2020 programmes will continue to be delivered.

4. In the event of agreement between the UK and the EU, the draft legal text on the Withdrawal Agreement agreed and published March 2018 confirms that the UK will continue to contribute and participate in the implementation of the EU annual budgets up to 2020 as if it was still part of the EU.

5. This would mean that all current regulatory requirements would be expected to continue through to the closure of the programmes, currently anticipated to be 2025. This would include payments from SG to lead partners, payment requests from SG to the European Commission, the current Operational Programmes and Management and Control System, and reporting through the Programme Monitoring Committee and Implementation Reports.

6. In the event of an agreement not being concluded between the UK and the EU, the UK Government has announced that it will guarantee the programmes. This was originally announced in November 2016 and has been expanded and clarified on 24 July 2018 through a written ministerial statement. This covers “the full 2014-2020 Multiannual Financial Framework allocation for structural and investment funds”.

7. Details of the implementation of the guarantee are still evolving and have not been confirmed by UK Government. MA officials are, along with other devolved administrations, in contact with UK Government to agree those details. It is not anticipated that there would be significant changes to role of the Programme Monitoring Committee.

### **POST-2020 PROGRAMMES**

8. The Shared Prosperity Fund has been announced as the mechanism by which the ESF and ERDF funding lost as a result of EU-exit. Five principles of the Fund were set out in a written ministerial statement of 24 July 2018. The statement confirmed the Fund would respect the devolution settlements in Scotland, Wales and Northern Ireland and will engage the devolved administrations to ensure the

fund works for places across the UK; they intend to launch a consultation this year; the 'United Kingdom Shared Prosperity Fund' will be a simplified, integrated fund; it will link to UK Government's Industrial Strategy and Local Industrial Strategies in England; and it will tackle inequalities between communities by raising productivity, especially in those parts of our country whose economies are furthest behind.

9. Ministers have outlined three main principles of replacement funding: that Scotland should have the same level of autonomy as at present; that there should be clarity on the new programme and a seamless transition between European and replacement; and that Scotland should continue to receive the funding in full as at present.

10. Ivan McKee MSP, Minister for Trade, Investment and Innovation, has portfolio responsibility for the ESF and ERDF programmes and discussed the current and future programmes with the Economy, Jobs and Fair Work Committee of Parliament (now the Economy, Energy and Fair Work Committee) on 11 September. The Convenor wrote to the Minister on 3 October outlining the Committee's findings and published the letter on Parliament's website [http://www.parliament.scot/S5\\_EconomyJobsFairWork/Inquiries/Letter to Minister and Final ESIF findings.pdf](http://www.parliament.scot/S5_EconomyJobsFairWork/Inquiries/Letter_to_Minister_and_Final_ESIF_findings.pdf).

### **Decisions Required**

For information only.

**PMC Secretariat**  
**24 October 2018**