

European Scrutiny Committee

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From: Sir William Cash MP

14 May 2020

Victoria Atkins MP

Parliamentary Under Secretary of State and Minister for Safeguarding

Home Office

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UK withdrawal from the Fund for European Aid to the Most Deprived (Council document 10602/19) (40692)

Thank you for your [letter of 5 May 2020](#) in which you seek to address the concerns raised by the European Scrutiny Committee about the Government's decision to withdraw its application for EU funding for some of the most vulnerable in society made under the [Fund for European Aid to the Most Deprived](#).

As you know, the European Scrutiny Committee has kept a close eye on UK involvement in this Fund.¹ We appreciate that the total budget allocation for the UK—€3.5 million (in 2011 prices) over a seven-year period from 2014 to 2020—is small relative to need. Nonetheless, as the Committee has noted in previous Reports, this funding is not, by itself, intended to deliver a comprehensive programme but to make a useful contribution to national poverty reduction and social inclusion policies, with a particular focus on alleviating "forms of extreme poverty with the greatest social exclusion impact, such as homelessness, child poverty and food deprivation".² Even a modest amount of additional funding targeted towards those most in need has the potential to transform lives for the better.

You tell us that when the Home Office took over responsibility for the Fund, in late 2018, you anticipated that "approximately £2.9 million would be available to the UK". Following feedback received from the European Commission on the operational programme submitted for approval by the UK, you discovered that the

¹ See our Third Report HC 229-i (2019-21), [chapter 11](#) (26 March 2020); Seventy-third Report HC 301-lxxi (2017-19), [chapter 7](#) (4 September 2019), Sixty-fifth Report HC 301-lxiii (2017-19), [chapter 1](#) (8 May 2019) and Fifty-third Report HC 301-lii (2017-19), [chapter 9](#) (30 January 2019).

² See recital (7) of Regulation (EU) 223/2014.

funding available would be “substantially less than anticipated”. Further discussions with the European Commission towards the end of 2019 indicated that the Home Office “would only be able to access a sum of around £500k”. Later in your letter, you appear to suggest (though it is unclear) that the European Commission’s 5% cap on administrative and management costs would make it impossible for the Government to design and deliver the sort of programme it had in mind and that, in these circumstances, the programme would be “unsustainable”. When your former Permanent Secretary (Sir Philip Rutnam) wrote to us in February 2020, he indicated that “European Commission accounting rules” were the main factor in deciding to withdraw the UK’s funding application.

We are at a loss to understand how accounting rules and administrative or management costs alone could reduce the anticipated spend available to the UK from around £2.9 million to only £500,000—a funding gap of £2.4 million. Even allowing for a maximum of 5% of the total available budget (approx. £145,000 from a budget of £2.9 million) to cover administrative and management costs, as envisaged in the Fund itself, that should have left around £2.75 million to support the beneficiaries targeted in the UK’s programme.

We assume, therefore, that there must be another explanation. The reference in your letter to the funding being insufficient to deliver the programme “as it was originally envisaged” by the Home Office suggests that the programme itself may not have been suitably aligned with the objectives set out in the Fund itself. This is all the more surprising given that the Government’s initial proposal, in 2014, to expand the provision of school breakfast clubs in deprived areas, also faltered. By contrast, although the pace of implementation has varied across the 27 EU Member States, all have managed to deliver viable programmes. We ask you to explain why, uniquely, the UK was unable to do so. We also ask you, again, whether you intend to fill the gap left by the loss of EU funding and provide an equivalent sum to support the vulnerable groups targeted in your proposed programme.

Finally, please explain what will happen to the UK’s allocation of the Fund now that the UK’s funding application has been withdrawn.

I am copying this letter to Yvette Cooper MP and Elizabeth Hunt, Chair and Clerk of the Home Affairs Committee; Stephen Timms MP and Anne-Marie Griffiths, Chair and Clerk of the Work and Pensions Committee; the Earl of Kinnoull and Christopher Johnson, Chair and Clerk of the EU Committee in the House of Lords; Mark Leslie, your Departmental Scrutiny Coordinator; and Les Saunders and Donald Harris in the Cabinet Office.

CHAIR