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The Earl of Kinnoull
Chairman
Select Committee on the European Union
House of Lords
London
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27 May 2020

Dear Lord Kinnoull,

EM 7153/20: PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING REGULATION (EU) NO 1379/2013 AND REGULATION (EU) NO 508/2014 AS REGARDS SPECIFIC MEASURES TO MITIGATE THE IMPACT OF THE COVID-19 OUTBREAK IN THE FISHERY AND AQUACULTURE SECTOR

Thank you for your letter of 15 May.

Domestic Covid-19 Response

As domestic fisheries funding policy in the UK is devolved, each administration has designed independent fisheries support schemes to ameliorate the impact of Covid-19 on the seafood sector. This funding ensures that whilst access to markets and trade has declined, those in the catching sector can continue to support their business ventures where other forms of government support are not appropriate. England and Scotland have also taken these domestic schemes further to ensure aquaculture businesses are protected.

Defra announced a package of £10 million support to the English sector on the 17 April. This support includes the Fisheries Response Fund (FRF), which will deliver £9million worth of cash grants to eligible fishers and aquaculture businesses based on average fixed costs of a vessel/business. A further £1million will support the Domestic Seafood Supply Scheme (DSSS), which funds projects to assist fishermen sell their catch nationally and in their local communities.

The Scottish Government has announced up to £22.5m hardship funding for the seafood catching, processing and aquaculture sectors.

In Northern Ireland (NI), a £1.5m programme of support is being delivered for the catching sector with monthly payments based on vessel size.



The Welsh Government has announced up to £580,854 funding for the seafood catching sector and are considering further aid assistance within the processing and aquaculture sectors.

EMFF amendments

The UK is one of the top five performing countries for the delivery of EMFF. This success means that a large portion of the funding (92%) has been committed throughout the programme across the UK. The EMFF is a UK-wide fund and managed at a UK level through the Marine Management Organisation as the Managing Authority (MA). Funding allocations and day to day delivery responsibility has then been delegated to each Devolved Administration (DA) through the process set out in regulations.

Both England and Scotland are some 98% committed within respective EMFF budgets. The remaining funding is primarily available in the control and enforcement area of the scheme, which was originally ring-fenced. The amendments to the regulation have softened the rules around ring-fenced funding and we are now able to move up to 10% of the ring-fenced budget to other areas. This is something we will be assessing in early summer to establish whether funding could be moved to measures that would support Covid recovery.

In Wales and NI, a larger amount of allocated funding remains. As of December 2019 Wales was 78% committed and NI 51%. These figures have risen since the last official funding report and are expected to be in the region of 83% for Wales and 86% for NI, when all current applications are processed. As funding remains in these budgets NI and Wales are considering the use of the EMFF amendments to support temporary suspension of aquaculture production. As mentioned above both England and Scotland are already providing aquaculture support through our domestic support schemes.

The amendments to the EMFF regulation also allow for more flexibility on storage aid for fisheries products. In England we considered whether a storage aid scheme would benefit the sector. Whilst it would initially provide support we were concerned about unintended consequences, including potentially distorting prices when fish was released on to the market in the future. In addition, as you note in your letter, there is a limited freezer capacity across England and there would not have been sufficient space to store large amounts of product.

Scotland is considering whether to use the storage aid provisions for aquaculture within the amended EMFF regulation. Although Scotland would like to have the flexibility to deploy, if Ministers decide it is feasible and desirable, however they have also noted the issue of lack of available storage space.

Implementation of the EMFF amendments will require an operational programme (OP) amendment. The MMO, acting as the MA, is working with Defra and DAs to draft these changes. We can provide a further update once amendment have been finalised and submitted to the European Commission.

In early summer the MMO and DAs will undertake an assessment of all EMFF projects and, if there are circumstances where projects are no longer viable due to Covid, we may choose to repurpose this funding to aid Covid recovery measures in the sector. If funding is repurposed it is likely another OP amendment will be submitted to the European Commission.

I am copying this letter to Sir William Cash MP, Chairman of the European Scrutiny Committee. I am also copying this letter to the Clerks of the Commons and Lords Committees, Jessica Mulley and Chris Johnson respectively; Les Saunders, Cabinet Office; and Steve Wigham, Defra Scrutiny Co-ordinator.

Yours sincerely,



VICTORIA PRENTIS MP