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Simon Hoare
Chair of the NI Affairs Committee
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Dear Simon

Thank you for the invitation to speak at the upcoming NI Affairs Committee session on EU Structural Funds on the 14th October. I thought it may be beneficial to provide the committee with an overview on the Shared Prosperity Fund (SPF) prior to the session.

The Department of Finance lead on the Shared Prosperity Fund on behalf of the Executive. This work is co-ordinated across departments via the "Future Policy and Finance Workstream" for which I act as the Senior Responsible Owner (SRO).

The lack of detail and substantive engagement on this fund is an extremely concerning matter not just for my Minister but for the Executive as a whole and is very much on the Executive's radar. The future finance landscape in general and the Shared Prosperity Fund in particular are discussed regularly at Executive meetings.

Engagement

A number of stakeholder engagement events were held by Whitehall departments in Northern Ireland in November 2018, a promise of further engagement was then made which was not followed up.

In August 2019 the NICS EU Future Relations Board and the NICS Board agreed a Future Policy & Finance workstream paper on the key spending priorities for NI and emphasised that the SPF must respect the devolved competence. This paper was shared with Ministry of Housing, Communities and Local Government (MHCLG) at the beginning of September 2019. Upon the restoration of the NI Assembly in January the paper was subsequently adopted by the NI Executive.

Whitehall departments have allocated time to engagement sessions with us on the SPF but from the inception of this fund there has been a lack of substance to that engagement. We have repeatedly pushed for a collaborative approach to the development of the SPF and offered to share our expertise in delivering programmes as well as our specific knowledge of the unique challenges facing Northern Ireland but have been continually rebuffed.

In addition staff turnover in Whitehall, both Official and Ministerial, has necessitated repeatedly rebooting engagement thereby reducing the opportunity for effective engagement.

The NI Ministers for Finance and the Economy have engaged with UK Ministers on the SPF and other replacement funds but the consistent message has been that there will be no engagement until the Spending Review has completed.

Ultimately, we are seeking assurances that a programme of substantive engagement will take place prior to any decisions being taken on the SPF and are reserving the right to approach HMT to make alternative or supplemental provision for NI should the MHCLG UK-wide bid be inadequate.

Delivery Mechanisms

Section 46 of the Internal Markets Bill seeks to take a sweeping power to intervene across broad swathes of the economy in matters which are rightly within the competence of our Executive and Assembly. The press release that accompanied this bill also suggested that it would be used to deliver the SPF.

The NI Assembly was established under the “Northern Ireland Act 1998” but that act only brought into force in domestic law the commitments made as part of the Belfast “Good Friday” agreement. The 1998 agreement set out the powers that The Assembly would have and specifically provided that the Assembly would be the “prime source of authority in respect of all devolved responsibilities”.

The NI position is that there should be no use of the section 46 powers in a manner which would diminish the position of our Assembly and Executive in its role as the prime source of authority in devolved matters. The principle of subsidiarity suggests that you should deliver at the lowest viable level and in this instance the lowest viable level is the Assembly and the Executive. Only the regional devolved institutions have the scope to deliver this funding effectively in line with established local priorities as set out in our Industrial, skills and other strategies which consider the specific needs of the Northern Ireland economy.

Only the Executive can ensure complementarity with the PEACE Plus programme which is currently under development by the Special EU Programmes Body, a North-South body sponsored by the Department of Finance in Northern Ireland and the Department for Public Expenditure and Reform in Ireland. At the time of writing PEACE Plus will be the only EU programme whose continuation in the UK has been confirmed.

It is important to reinforce that the NI Executive has sole scope to work on a cross-border basis through the North-South Ministerial Council where it is appropriate to do so to maximise support for our border communities which are likely disproportionately affected by the end of the Implementation Period.

I am grateful for the opportunity to speak to the committee about these issues and I hope this letter is helpful in setting out some background.

Yours sincerely/faithfully

Bill Pauley.

BILL PAULEY