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Simon Hoare MP

Chair, Northern Ireland Affairs Committee
By Email

19th January 2021

UK Shared Prosperity Fund

Dear Simon,

Thank you for your letter of 11 January 2021 in which you seek further clarification on the UK Shared Prosperity Fund (UKSPF). I am pleased that you found the information I have already given you to be useful and I am happy to provide additional clarification.

For ease of reference, I will address each of your points in turn.

How much will Northern Ireland receive in SPF funding this year? Will there be any gap in funding?

The UK Government is working to ensure that there is a seamless transition from current EU structural funding arrangements to the UK Shared Prosperity Fund, as EU structural fund investment tails off over the coming years. Due to the way these funds operate, levels of investment from EU Structural Funds (which the UK has paid for through its EU Budget contributions) will be higher in England, Scotland, Wales and Northern Ireland in 21/22 than in 20/21.

The Government will publish a UK-wide investment framework in 2021 and confirm multi-year funding profiles at the next Spending Review. To help local areas prepare over 21/22 for introduction of the UKSPF, the Chancellor announced additional UK funding to support our communities to pilot programmes and new approaches.

What is Northern Ireland's allocation of the £220m of interim funding mentioned in the Spending Review and how was this calculated?

The additional funding in 21/22 is to support our communities to pilot programmes and new approaches – UK Government will work closely with the Northern Ireland Executive on how best to use this to prepare for the introduction of the UKSPF. The

Governmentwill soon provide detail on allocations for 21/22 in a prospectus. I will ensure that the Committee is given a copy of the prospectus as soon as it is published.

What guarantees can you make that Northern Ireland will not end up worse off as a result of the switch to the SPF? Despite previous pledges, the UK Government now appears to be promising to match EU receipts 'UK-wide' rather than on an individual nation basis.

UKSPF will ensure that funds are delivered, where they are needed, more quickly than before. The last round of EU Structural Funds (2014-2020) took nearly two years to start to reach local areas. UKSPF will also ensure that funds are better targeted, including at places in identified need, for example ex-industrial communities, coastal communities and rural and deprived towns. The funds will also provide better alignment with domestic priorities, as funding will no longer be directed by policies set at EU level. We are engaging actively across government on this to deliver an outcome that reflects the unique needs of Northern Ireland.

Investment from EU Structural Funds is increasing in each of England, Scotland, Wales and Northern Ireland in 21/22 compared to this financial year. The UK Government will ramp up funding so that total domestic UK-wide funding will at least match EU receipts, reaching around £1.5bn a year. The Government will confirm multi-year profiles at the next Spending Review.

What is meant by the mention of "pilot programmes and new approaches" in the Spending Review? Do current recipients of EU funding stand to lose out?

The UKSPF will invest in people, communities and local business to level up and create opportunity in places most in need and for people who face labour market barriers.

The additional funding will therefore help local areas prepare for the introduction of the UKSPF. Further details will be published soon.

On what date will full details of the UK-wide investment framework, promised in the Spending Review for Spring 2021, be announced?

The Spending Review sets out the main strategic elements of the Fund. The UK Government will publish a UK-wide investment framework in spring 2021 and confirm multi-year funding profiles at the next Spending Review.

Will there be a system of match funding, similar to that under the EU Structural Funds?

Full details of the operation of the scheme are yet to be finalised but will ensure that UKSPF maximises the benefits of leaving the EU through quicker delivery of funding, better targeting, and by cutting burdensome EU bureaucracy

The draft Heads of Terms for the Shared Prosperity Fund, contained in the Spending Review, were silent about any potential role for the devolved administrations. How will they be involved in the delivery of the Fund? Is it the UK Government's intention to administer it centrally and, if so, how does this fit with the devolution settlement?

Until now, unelected EU bodies up to now controlled these decisions. Now is the right time for UKG to take responsibility to provide strategic support across the entire country.

The new financial assistance powers in the UK Internal Market Act 2020 will – in addition to the devolved administrations' existing powers – allow the UKG to complement and strengthen the support provided to citizens, businesses and communities in Northern Ireland.

The government intends to work with the devolved administrations to ensure this new power is used to best effect and that the UK Shared Prosperity Fund supports citizens across the UK.

Can you confirm exactly which of the EU funding schemes the SPF is set to replace? Details given in the Spending Review seem to suggest only the European Regional Development Fund and the European Social Fund.

The Manifesto committed to replace EU Structural Funds through the UK Shared Prosperity Fund. This includes the European Regional Development Fund and the European Social Fund. In doing so, the UKSPF will take into account the specific needs of rural communities. The UK Government will consider at Spending Review 2021 whether to replace LEADER and EAFRD through the UKSPF or other farm support programmes.

On stakeholder engagement, it is important to engage at the right time with those who have a stake and interest in the UK Shared prosperity Fund. Officials have held 26 engagement events, attended by over five hundred representatives from a breadth of sectors including businesses, public bodies, higher education institutions, voluntary and charity sectors and rural partnership groups. This includes 16 engagement events across Scotland, Wales and Northern Ireland, with representatives from a breadth of sectors.

Officials will develop that engagement as further details of the Fund emerge.

Yours sincerely,

ROBIN WALKER MP
MINISTER OF STATE FOR NORTHERN IRELAND