

## **European Regional Development Funding if there's no Brexit deal**

### **Summary**

How current and future European Regional Development Fund projects would be affected if the UK leaves the EU with no deal.

### **Detail**

If the UK leaves the EU in March 2019 without a deal, find out how this would affect you if you:

- want to apply for funding from the European Regional Development Fund
- already get funding from the European Regional Development Fund

A scenario in which the UK leaves the EU without agreement (a 'no deal' scenario) remains unlikely given the mutual interests of the UK and the EU in securing a negotiated outcome.

Negotiations are progressing well and both we and the EU continue to work hard to seek a positive deal. However, it's our duty as a responsible government to prepare for all eventualities, including 'no deal', until we can be certain of the outcome of those negotiations.

For two years, the government has been implementing a significant programme of work to ensure the UK will be ready from day 1 in all scenarios, including a potential 'no deal' outcome in March 2019.

It has always been the case that as we get nearer to March 2019, preparations for a no deal scenario would have to be accelerated. Such an acceleration does not reflect an increased likelihood of a 'no deal' outcome. Rather it is about ensuring our plans are in place in the unlikely scenario that they need to be relied upon.

This series of technical notices sets out information to allow businesses and citizens to understand what they would need to do in a 'no deal' scenario, so they can make informed plans and preparations.

This guidance is part of that series.

Also included is an [overarching framing notice](<https://www.gov.uk/government/publications/uk-governments-preparations-for-a-no-deal-scenario/>) explaining the government's overarching approach to preparing the UK for this outcome in order to minimise disruption and ensure a smooth and orderly exit in all scenarios.

We are working with the devolved administrations on technical notices and we will continue to do so as plans develop.

## **Purpose**

This notice sets out how current and future European Regional Development Fund projects would be affected if the UK leaves the EU with no deal. Find out how this would affect you if you:

- want to apply for funding from the European Regional Development Fund;
- already get funding from the European Regional Development Fund.

## **Before 29 March 2019**

The current European Regional Development Fund Programme provides funding to support regional growth and reduce differences in economic performance between regions.

The programmes are managed by the Ministry of Housing, Communities and Local Government in England, and by Devolved Administrations in Scotland, Wales and Northern Ireland, as well as HM Government of Gibraltar.

The draft Withdrawal Agreement between the UK and the EU published in March 2018 would mean that the UK would continue to participate in the European Regional Development programmes until programmes end in 2023, subject to a final negotiated agreement.

This provides certainty to regions and communities, who will continue to receive the same level of funding as they would have if the UK was a member of the EU until the end of the 2014-2020 programme period.

Funding is currently administered through organisations who are awarded grants and contracts on a competitive basis and a range of business finance models that provide venture capital and loan finance.

## **After March 2019 if there's no deal**

In the unlikely event of a 'no-deal' scenario, the UK's departure from the EU would mean UK organisations would be unable to access EU funding for European Regional Development Fund projects after exit day.

We are committed to ensuring that there will be no gap in funding for regional growth in the event of a no-deal. The [Chancellor announced in August and October 2016] (<https://www.gov.uk/government/news/chancellor-philip-hammond-guarantees-eu-funding-beyond-date-uk-leaves-the-eu>) that the government would guarantee certain EU projects agreed before we leave the EU in order to provide more certainty for UK organisations over the course of EU exit. This guarantee included European Regional Development Fund projects.

In July 2018 [the government extended the guarantee](<https://www.gov.uk/government/news/funding-from-eu-programmes-guaranteed-until-the-end-of-2020>) so that it would cover all projects, including European Regional Development Fund projects, that would have been funded by the EU under the 2014-2020 programme period. The extension means that the Ministry of Housing, Communities and Local Government, the Devolved Administrations, and HM Government of Gibraltar, will continue to sign new projects after EU exit until programme closure.

This practical measure provides additional certainty to communities, businesses and local partners, guaranteeing investment in regional growth up to the end of the current European Regional Development Fund programmes period, in the unlikely event that the UK leaves the EU without a negotiated agreement.

### **Actions for businesses and other stakeholders**

In order to ensure stability and continuity, UK Managing Authorities would administer the guarantee through existing national and local arrangements, modified and simplified as appropriate in line with wider rules on public spending.

Projects will be managed to ensure appropriate audit, monitoring and evaluation arrangements are in place and that all spending delivers good value for money and fits domestic strategic priorities.

Organisations should continue applying for and delivering funding under current arrangements with confidence that the funding guarantee applies if there is no negotiated agreement between the UK and the EU.

### **Further information**

Stakeholders should continue to keep up to date with the European Regional Development Fund programme guidance published on the relevant web pages for their administration.

This notice will be updated with further information when it becomes available.

For all enquiries, please contact [enquiries@beis.gov.uk](mailto:enquiries@beis.gov.uk).

This notice is meant for guidance only. You should consider whether you need separate professional advice before making specific preparations.

It is part of the government's ongoing programme of planning for all possible outcomes. We expect to negotiate a successful deal with the EU.

The UK government is clear that in this scenario we must respect our unique relationship with Ireland, with whom we share a land border and who are co-signatories of the Belfast Agreement. The UK government has consistently placed upholding the Agreement and its successors at the heart of our approach. It enshrines the consent principle on which Northern Ireland's constitutional status rests. We recognise the basis it has provided for the deep economic and social cooperation on the island of Ireland. This includes North-South cooperation between Northern Ireland and Ireland, which we're committed to protecting in line with the letter and spirit of Strand two of the Agreement.

The Irish government have indicated they would need to discuss arrangements in the event of no deal with the European Commission and EU Member States. The UK would stand ready in this scenario to engage constructively to meet our commitments and act in the best interests of the people of Northern Ireland, recognising the very significant challenges that the lack of a UK-EU legal agreement would pose in this unique and highly sensitive context.

It remains, though, the responsibility of the UK government, as the sovereign government in Northern Ireland, to continue preparations for the full range of potential outcomes, including no deal. As we do, and as decisions are made, we'll take full account of the unique circumstances of Northern Ireland.