

## **European Territorial Cooperation funding if there's no Brexit deal**

### **Summary**

How current and future European Territorial Cooperation (ETC) programmes 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 ETC programmes
- already get funding from the ETC programmes

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 Territorial Cooperation (ETC) programmes 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 ETC programmes
- already get funding from the ETC programmes

## **Before 29 March 2019**

The purpose of this notice is to explain what happens if the UK leaves the EU without a negotiated agreement, in the unlikely event of a 'no deal'. It is for UK organisations who participate or want to apply for European Territorial Cooperation in the current Multiannual Financial Framework (the EU budget).

The current European Territorial Cooperation programmes support projects that enable businesses, universities, local and regional authorities and the voluntary and community sectors in different countries to work together on shared issues.

These programmes bring together organisations that collaborate in designing new solutions and approaches, drawing on the knowledge and expertise of participating groups and individuals. They fund projects on a range of priorities, including business competitiveness, innovation, renewable energy, health, transport, tourism and culture, and climate change and the environment.

## **Current delivery arrangements**

Organisations in different EU countries apply together for funding on a competitive basis. A single organisation acts as the lead partner for the whole project, on behalf of all other organisations who are involved in that project.

If the application is approved, the lead partner signs an agreement with the Managing Authority, with a partnership agreement governing relationships between all project partners. The lead partner coordinates claims and payments for all project partners through a process that involves the Managing Authority and the European Commission.

The Managing Authority monitors the delivery of projects. Every project partner is subject to audit procedures, which ensures EU funding rules have been followed.

### **Programme governance**

The UK participates in fifteen European Territorial Cooperation programmes, for which the [Department of Business, Energy and Industrial Strategy](<https://www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy>) oversees the overall policy and coordination across the UK.

The [Ministry of Housing, Communities & Local Government](<https://www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government>) oversees UK interests in the nine programmes involving English project partners. UK interests in the other six programmes are overseen by the Devolved Administrations or HM Government of Gibraltar. A summary of these fifteen programmes is provided in the section on 'Further Information.'

Each European Territorial Cooperation programme is managed by a separate Managing Authority, with two UK-based Managing Authorities and one joint North-South Managing Authority between Northern Ireland and Ireland. These Managing Authorities manage programmes on behalf of the EU countries who participate in each programme.

These programmes are funded by the European Regional Development Fund (ERDF). This is funded by the contributions by the UK and other EU countries as part of the Multiannual Financial Framework. There is separate national financing from non-EU partners where they participate in programmes. Managing Authorities are responsible for managing the flow of funding with the European Commission and for certification and payment of claims to project partners.

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

#### *Guarantee Explanation*

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

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 ETC 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>) to provide further stability for UK organisations in a no-deal scenario. The guarantee for European Territorial Cooperation programmes now covers the full 2014 to 2020 programme period.

## **Implications**

This means that grant funding to UK beneficiaries in respect of all projects approved on a competitive basis before the end of the programming period is now guaranteed. Managing Authorities can continue to sign new contracts with UK beneficiaries after exit for the duration of the programmes.

However, the government will have to work with other parties such as the European Commission to ensure that continued participation for UK organisations in European Territorial Cooperation programmes is possible and the UK can respond to new calls and continue to deliver projects.

Further information on the guarantee will be provided as it becomes available.

### *Delivery of the Guarantee*

The UK government understands the joint management of European Territorial Cooperation programmes creates additional complexity, and that continued delivery of projects requires joint working with Managing Authorities and EU countries.

The intention is to deliver the funding guarantee using existing programme management arrangements where possible, so that project partners can continue working together under a common framework and systems.

This is subject to agreement between the European Commission, Managing Authority and EU countries in each European Territorial Cooperation programme. Discussions on this will continue and further details will be provided through updates on this technical notice as agreements are reached.

## **Actions for businesses and stakeholders**

Organisations should continue applying for and delivering funding under current arrangements with confidence in the funding guarantee in a 'no deal' scenario.

## **More Information**

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.

Norway, Iceland and Liechtenstein are party to the Agreement on the European Economic Area and participate in other EU arrangements. As such, in many areas, these countries adopt EU rules. Where this is the case, these technical notices may

also apply to them, and EEA businesses and citizens should consider whether they need to take any steps to prepare for a 'no deal' scenario.

<b>Programme</b>	<b>Managing authority</b>	<b>Programme oversight within the UK</b>
Channel	Norfolk County Council	MHCLG
Two Seas	Hauts de France, Lille	MHCLG
Ireland-Wales	Welsh European Funding Office	Welsh Government
Interreg VA	Special EU Programmes Body	Northern Ireland Executive and Scottish Government
Peace IV	Special EU Programmes Body	Northern Ireland Executive
North West Europe	Hauts de France, Lille	MHCLG
Atlantic Area	Regional Council of North Portugal	MHCLG
North Sea	Danish Business Authority	MHCLG
Northern Periphery & Arctic	County Administrative Board of Vasterbotten	Northern Ireland Executive and Scottish Government
Mediterranean	Provence-Alpes-Côte d'Azur Region	HM Government of Gibraltar
South West Europe	Cantabria Government	HM Government of Gibraltar
Interreg Europe	Hauts de France, Lille	MHCLG
URBACT	French Government	MHCLG
INTERACT	SG Region Bratislava	MHCLG
ESPO	Luxembourg Government	MHCLG