



Special EU Programmes Body  
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**European Union**  
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**NORTHERN IRELAND, THE BORDER REGION OF IRELAND AND WESTERN  
SCOTLAND**

**INTERREG VA PROGRAMME (2014 - 2020)**

**CCI No: 2014TC16RFCB047**

**& PEACE IV PROGRAMME (2014 – 2020)**

**CCI No: 2014TC16RFPC001**

**MINUTES EXCEPTIONAL MONITORING COMMITTEE MEETING**

**Wednesday 7<sup>th</sup> September 2016**

**Attendance**

A list of attendees and apologies is attached at Annex II.

**1. Welcome and Introduction by Chairperson**

**The Chair** welcomed everyone to this exceptional meeting of both the INTERREG VA and PEACE IV Monitoring Committees, requested following the announcement of the EU referendum result. She conveyed apologies from both Programmes' EU Commission Desk Officers and welcomed Members joining the meeting from Scotland via Skype.

**2. Conflict of Interest**

**The Chair** reminded Members of the requirement to disclose any potential conflicts of interest. None were declared.

**3. Update on programme implementation as a result of the UK decision to withdraw from the European Union**

**The Chair** apologised for the lateness of the update paper, explaining the fluidity of the current situation.

**The Chair** presented the paper, drawing the attention of Members to the key points in each section. Details regarding the status of Programme implementation were outlined by the Head of Unit, Joint Secretariat (JS), and the Director of Managing Authority (MA).

**The Chair** outlined the approach that was being adopted by SEUPB, in association with the Accountable Departments; the most significant issues are outlined below:

- The UK Treasury Statement of 12 August has afforded an opportunity for projects to avail of an assurance that if a project was assessed prior to the Autumn Statement, the UK Treasury would underwrite the EU funding that the project was due to receive.
- SEUPB have expedited assessment work and steering committee meetings in order to meet the challenging deadline.
- The rigour of the assessment would not be compromised in any regard due to the expedited process, rather additional resources were put in place, and the Government Departments were prioritising the work they had to do to meet these challenging deadlines.
- SEUPB have suggested that a break clause be inserted into each project funding award to allow an opportunity to commit funds for 2 years, during which time it is widely anticipated that the UK will still be part of the EU and therefore EU receipts would be received on all expenditure during that time.

**The Chair** invited the DoF, DPER and Scottish Government representatives to provide comment on the implementation of each Programme.

**The DoF representative** stated the DoF Minister's position was a continued commitment to the implementation of the full value of the Programmes. He outlined for Members the Minister's actions since the EU Referendum, including developing an Action Plan, introducing a higher delegation to other Northern Ireland Departments, and issuing revised guidance to ensure that the assessment of applications are commensurate and proportionate. The Minister has also issued correspondence to the relevant departments in the UK and the EU Commission.

**The DPER representative** thanked the SEUPB Directors for their detailed update, and for the work undertaken to date. He commented favourably on the reduction of the

assessment process to 22 weeks (in some cases) in comparison to previous Programmes.

**The DPER representative** went on to outline to Members that PEACE IV and INTERREG VA are two of three Ireland-UK EU Programmes, representing a combined investment of €650 million. He also re-affirmed the Irish Government's continued commitment to the implementation of the Programmes until 2020, as well as their commitment to continued engagement with the EU to achieve shared goals in peace and reconciliation.

In relation to Programme implementation, he discussed the challenges and risks presented by the EU Referendum decision and his disappointment that the EU Desk Officers were unable to attend today's meeting.

He welcomed the Treasury's recent communication in relation to the UK position on EU funding however, he advised Members that it does not represent a long- term solution for the Peace IV and Interreg VA Programmes in the region.

**The DPER representative** encouraged the SEUPB, PMC and Steering Committee Members present to continue the project assessment process but reminded all parties that caution had to be exercised when considering how to structure any future Letters of Offer.

**The Scottish Government representative** echoed his Northern Ireland and Ireland colleagues' comments on their commitment to the Programme, and empathised with Ireland's position in relation to the Treasury communication.

**The Environmental Pillar representative** asked the DPER representative if the Irish Government could commit to funding projects, similar to the UK funding commitment.

**The DPER representative** and **the Chair** provided a response, stating that Ireland's contribution to the cross-border Programmes was dependent on all three sources of funding being in place, and is not applicable in the absence of UK or EU contributions.

**The NICVA representative** welcomed the direction outlined at today's meeting and acknowledged the high level of uncertainty. He discussed the importance of balancing an accelerated pace of project decisions with some caution going forward. He informed Members that NICVA have met with the NI Finance Minister, who advised that he is

lobbying the UK Government to encompass all Structural Funds under the Treasury's assurance, which could potentially lead to an extension of the terms originally offered.

**The EMRA representative** asked if the Local Authorities in County Louth had been informed of the deadlines in relation to submission of Local Authority Action Plan applications.

**The Chair** assured the representative that she has met with representatives from Local Councils including officials from Louth County Council, and provided all Local Authority CEOs with written advice on the timelines in relation to the release of the Autumn Statement, advising them to prioritise work on the Local Action Plans to meet the deadlines.

She also advised that the SEUPB is providing individual support to those Councils who feel unable to meet the November deadline. She reminded Members that applications can be made after the Treasury's Autumn Statement, however, the situation after this point is uncertain.

**The Chair** asked Members present with connections to Local Authorities to further emphasise the importance of submitting the Local Action Plans in line with the new schedule and to the highest standard.

**The DoF representative** informed Members that the DoF Minister has met with representatives from the East Border Region to outline the same important message and state his commitment to the Local Action Plans. The DoF have also allocated additional internal resources to manage the accelerated assessment timetable, while maintaining quality standards.

**The CBI representative** queried whether, in examining methods of allocating resources, the SEUPB had considered outsourcing sections of the process in order to avoid bottlenecks of functions.

**The Chair** assured the Member that an extensive consideration of options included outsourcing and secondments. She discussed the critical months ahead leading up to the Autumn Statement, and the plan of activity in place afterwards.

**The Wheel representative** cautioned the SEUPB to ensure that any accelerated assessment and funding process did not place unreasonable compliance requirements and risks upon projects.

**The DPER representative** agreed, and discussed the need to balance the original Programme timetables against the opportunity presented by the Autumn Statement. He advised the Committee to maintain focus on the N+3 deadlines as well as the Autumn Statement.

**The DoF representative** pointed out that beneficiaries have not been subjected to additional requirements, only advised to take advantage of the opportunity presented by the Treasury's statement if they were in a position to do so.

**The Chair** assured Members that the SEUPB had carefully considered the process for expediting implementation of the Programmes.

**The ICTU Ireland representative** made several comments in which he expressed concern that the Irish Government would be expected to fund the shortfall if EU funding was withdrawn from the Programmes. He cautioned that the Autumn Statement had the potential to alienate Ireland from the Programmes, and he highlighted the importance of the North-South connection in the coming Brexit negotiations. With regards to Programme implementation, he expressed concern over the inclusion of break clauses as a future feature of the Programmes.

**The Chair** agreed that the inclusion of a break clause in project Letters of Offer was not an ideal solution, but represented a clumsy management tool to deal with the risk, and it was a strategy which had been agreed with the finance departments in Northern Ireland and Ireland immediately following the EU Referendum decision as a prudent, risk-based approach until the end of 2018.

**The SCVO representative** queried the value of potential losses to the PEACE Programme; the difference between commitment to date and the projects which may fail to apply before the Autumn Statement.

**The Chair** clarified that there is currently no commitment under PEACE IV, as no Letters of Offer have been issued. She stated her hope that the majority of the Local Action

Plans will be submitted in time to avail of the Autumn Statement assurance, as will the measures under the Victims and Survivors Theme.

**The Director, MA**, assured the SCVO representative that the SEUPB are focused on the implementation of the Programmes in their entirety, without incurring any loss. He clarified that approximately 50% of the PEACE Programme will have been committed by the November deadline if the current work plan is adhered to. An expedited assessment process may allow an increase of this figure but poor quality applications could result in a decrease.

**The DPER representative** also reassured the SCVO representative of DPER's ambition to retain all funding, and reminded the Committee of the political significance of the Peace Programme on a wider stage.

He reaffirmed his earlier comments that the Autumn Statement has presented a new challenge but must not reduce focus from the achievement of N+3 in 2017 and 2018 however, he added that the situation is continually evolving.

**The first Scotland Europa representative** joined the conversation via Skype and made the following points;

- She agreed with SEUPB's actions to maximise the Programme impact by taking advantage of the security offered by the Autumn Statement.
- She agreed that the utilisation of break clauses is a sensible approach, but advised against a blanket application of break clauses. For example, she stated projects under INTERREG VA Objective 1.1 Research and Innovation theme would struggle to implement activity against a break clause.

**The second Scotland Europa representative** welcomed the update paper and discussion during today's meeting. She echoed her colleague's comments on the opportunity offered by the Autumn Statement as the best option available at this time. She agreed this should not result in compromising the quality of projects.

With regards to the topic of break clauses, **the second Scotland Europa representative** spoke on behalf of Scottish Universities and their counterparts in other jurisdictions, under INTERREG VA Objective 1.1. She discussed the moral duty of care to the PHD students

delivering the majority of the activity under this objective, and advised the Committee to consider appropriate wording in detailing where break clauses may be applied.

**The Chair** advised that the Autumn Statement is an opportunity to afford UK Government Departments certainty of UK funding. She explained that the break clause option is a management response to Programme risks due to the unknown date of the UK's exit, and is considered prudent alongside the approach being adopted by SEUPB to avail of the assurances offered by the Autumn Statement.

She agreed that the SEUPB will examine those areas of the Programme which are not appropriate to the inclusion of a break clause however, she urged Members to consider its inclusion as a necessary short term compromise in order to secure funding until such times as more clarity becomes available.

**The Environmental Pillar representative** agreed to emphasise the September Local Action Plans deadline in her capacity as a Member of Leitrim LCDC, and asked for further clarity for those Authorities which were unable to submit a high-standard application to Phase 2 by November.

**The Chair** reiterated that the circumstances after the Autumn Statement remain unknown, which is why the SEUPB are working to avail of the opportunities presented, and encouraging those who can be ready to meet that date to submit good quality applications.

**The DPER representative** noted that the clear intention of the Department is to see the Programmes implemented in full over the Programme period. He stated that the short to medium term challenge is moving the Programmes forward over the next few weeks and months, whilst the long term challenge comes after Article 50, and the discussion about successor Programme(s). He noted that the Autumn Statement is not a Programme deadline and that the Programme has its own deadlines as determined by the regulations. He stated that the UK remains a full member of the EU, with all of the associated rights and obligations until such times as it leaves. There is therefore a need to manage the Programmes within a very uncertain environment.

**The CNCC representative** voiced her support for the inclusion of break clauses, as they allow applicants full sight of the criteria and timescale against which they will be assessed, provided PHDs and the commissioning of equipment are considered and protected.

**The Chair** reminded Members that projects with a duration of three years or more are subject to a rigorous review at the three year point under normal circumstances at which time funding was dependent on a positive evaluation, and the break clause could be viewed in a similar context.

**The IBEC representative** informed Members of his dual role as a Steering Committee and Monitoring Committee member and made the following points;

- Brexit has introduced an enforced break which was not originally anticipated. He stated that he anticipates that entirely different conditions will exist following the UK's withdrawal from the EU and that it is important that the Programmes adapt to this;
- He confirmed that ICTU, IBEC and CBI released a joint statement following the previous Interreg PMC in June 2016, calling for an acceleration of the approvals process, which has resulted in a degree of media scrutiny;
- He stated that the Steering Committee, to which he is a member, in assessing applications, have been able to identify which projects were or were not able to adapt to the accelerated pace;
- He expressed disappointment that the EU Commission were not able to attend today's meeting;
- He discussed the activity that takes place in the business sector to secure their own resources before applying for funding, and encouraged a timely agreement to mitigate risk for businesses;
- He emphasised the importance of cross-border activity and support.

**The Scottish Natural Heritage representative** asked if the budget profile of the next two years was capable of encompassing the accelerated assessment and delivery of activity.

**The Head of Unit, JS** provided a response, informing Members that acceleration has been introduced only where the capacity exists to do so, cognisant of a project's ability to deliver and in line with the spirit of the SEUPB as an organisation. He discussed a recent suite of applicant workshops, in which the JS further encouraged applicants to prioritise their work towards the timely delivery of outputs.

**The CBI representative** supported the IBEC representative's comments on configuring the planned programmes so that in the period immediately following the autumn statement the planned programmes should be reviewed, so that changes can be speedily introduced, in anticipation of a different emphasis from the EU-led trajectory that may be appropriate. These programmes should be configured, where flexibility exists, to reflect the need to quickly maintain and build on the existing economic collaboration between the three jurisdictions in the uncertain times ahead.

**The Wheel representative** acknowledged the CBI representative's comments and cautioned against a complete transformation of the original approval process in the haste of the November deadline.

**The Ulster Farmers Union representative** outlined his role on PMCs for both Programmes, and expressed his confidence in the current INTERREG VA Programme implementation position. In relation to the PEACE IV Programme, the Member stressed that quick action was needed to clarify issues around break clauses.

**The SCVO representative** voiced her concern about the use of a blanket break clause approach, which she considers distinct from a mid-term review and evaluation. She advised careful management where break clauses are in place, as staff movement and contract ends can cause slippage and failure to meet outcomes.

**The DoF representative** emphasised the aim for honesty and transparency in today's meeting and informed Members that until there is further clarity, the need to include break clauses in 2018 remains a possibility and Members should consider their impact.

In conclusion, **the Chair** thanked Members for their comments, and assured them that all their points are being considered. She reiterated that the update provided at today's meeting relates to short-term actions only, however she believed that it was essential that the Members were fully informed as to the approach SEUPB wished to take in the implementation of the Programmes, and the progress to date.

**The Monitoring Committee noted the following:**

- The actions that have been taken to date by the SEUPB and Co-sponsor Departments to respond to the decision of the UK to withdraw from the EU;

- Letters of Offer will include a clear break clause to enable funding to cease in the event of Programme funding not being available, or to continue if there is more certainty relating to the duration of these Programmes at that time;
- SEUPB will review the application process to identify any further modifications or refinements which can expedite the process;
- Steering Committees will be re-scheduled to enable assessments to be completed prior to November 2016 and the UK Chancellor's Autumn Statement;
- SEUPB will continue to work closely with DoF and DPER to seek clarification on future financial flows (including seeking assurances from the EU Commission about the future flows of ERDF);
- The request for the re-allocation of funding from the Electric Vehicles Network element of Sustainable Transport to the Greenways element.

## **ANNEX II**

### **Attendance – Exceptional INTERREG VA and PEACE IV Programme Monitoring Committee – 7<sup>th</sup> September 2016, Radisson Blu Hotel, Belfast**

#### **Chair**

Gina McIntyre                      SEUPB

#### **Members**

Wesley Aston	Ulster Farmers Union
Cllr Alex Baird	NILGA
Peter Brady	Irish Rural Link
Cllr Tommy Byrne	EMRA
Alison Cairns	SCVO
Avril Hall Callaghan	Irish Congress of Trade Unions (NI)
Prof Sue Christie	Council for Nature Conservation & the Countryside (CNCC)
Martin Cronin	Intertrade Ireland
Sean Cronin	Environmental Pillar
Ivan Cooper	The Wheel
Michael D’Arcy	IBEC
Cllr Frank Dolan	Northern and Western Regional Assembly (NWRA)
Pamela Dooley	ICTU Northern Ireland
Damian Duffy	Confederation of British Industry (CBI)
Hazel Francey	Equality Commission NI
Blair Horan	ICTU Ireland
Cllr Garath Keating	NILGA
Denis Leamy	Pobal
John Maxwell	Scottish Government
Seamus McAleavey	NICVA
Brian McCann	Confederation of British Industry (CBI)
Dominic McCullough	Department of Finance (DoF)
Aedin McLoughlin	Environmental Pillar
Gearoid O’Keeffe	Department of Public Expenditure & Reform (DPER)
Donal Rice	Irish Human Rights & Equality Commission

Emily Smyth	Council for Nature Conservation & the Countryside
Linda Stewart	Scotland Europa (via Skype)
Catriona Syme	Scottish Government International Innovation
Andrea Thornbury	NICVA
Jason Watts	Scottish Natural Heritage

### **Advisors**

Andrew Bell	Department of Education - NI
John Farrell	Department of Health – NI
Paul Geraghty	Department of Housing, Planning and Local Government
John Greer	Joint Secretariat, SEUPB
Edel Hendry	NISRA/ SEUPB
Alistair Hodgson	Scottish Government Health & Social Care
Louise Kenny	Department of Health - Ireland
Dave Loyal	Department for the Economy
Owen Lyttle	DAERA
Alistair MacKenzie	Financial Controller, SEUPB
Marie Matthews	The Executive Office
John McCandless	Communications Manager, SEUPB
Declan McGarrigle	MA Manager, SEUPB
Tony McKibben	Department for Communities
Kerry Morrison	The Executive Office
Laurence O’Grady	Department of Education and Skills
Mark Stranaghan	Department for Infrastructure
Tim Weir	Department for Infrastructure
Gerry Wrynn	Department of Jobs, Enterprise & Innovation (DJEI)

### **Observers**

Dr Norman Apsley	CBI
Mark Beattie	DUP Party representative
Paul Boylan	Joint Secretariat, SEUPB
Teresa Canavan	Rural Development Council (RDC)
John Carson	International Fund for Ireland (IFI)
Caroline Coleman	National Contact Point - Scotland
Rodney Corrigan	Jim Nicholson MEP's office
Kevin Coyle	International Fund for Ireland (IFI) Dublin
Colette Fitzgerald	EU Commission Office, Belfast
Cathy Geagan	Department of Public Expenditure & Reform (DPER)
Alistair MacKenzie	Financial Controller, SEUPB
Mary Maguire	Department of Finance (DoF)
Stefania Minervino	Irish Human Rights & Equality Commission
Joanne McDaid	Mairead McGuinness MEP's office
Jenny McEaney	NICVA
Paddy McGinn	Pobal
Colin Moffett	The Executive Office
Alison Moore	NSMC
John O'Farrell	ICTU NI
Siobhan O'Higgins	Department of Public Expenditure & Reform (DPER)
Martin O'Rourke	ICTU Ireland
John Thompson	Joint Secretariat, SEUPB

### **Secretariat (SEUPB)**

Sarah Reid	Managing Authority, SEUPB
Tara McCormick	Managing Authority, SEUPB (minutes)

### **Apologies**

Alderman Angus Carson	NILGA
Alderman Freda Donnelly	NILGA

### **ANNEX III**

#### **Glossary of acronyms used in the minutes:**

<b>CBI</b>	<b>Confederation of British Industry</b>
<b>CNCC</b>	<b>Council for Nature Conservation and the Countryside</b>
<b>DAERA</b>	<b>Department of Agriculture, Environment &amp; Rural Affairs</b>
<b>DHPLG</b>	<b>Department of Housing, Planning &amp; Local Government</b>
<b>DETI (NI)</b>	<b>Department of Enterprise, Trade and Investment</b>
<b>DoF</b>	<b>Department of Finance (Northern Ireland)</b>
<b>DJEI</b>	<b>Department of Jobs, Enterprise and Innovation</b>
<b>DoH</b>	<b>Department of Health</b>
<b>DPER</b>	<b>Department of Public Expenditure and Reform</b>
<b>DfI</b>	<b>Department for Infrastructure</b>
<b>EMRA</b>	<b>Eastern &amp; Midland Regional Assembly</b>
<b>ICTU</b>	<b>Irish Congress of Trade Unions</b>
<b>IFI</b>	<b>International Fund for Ireland</b>
<b>NICVA</b>	<b>Northern Ireland Council for Voluntary Action</b>
<b>NILGA</b>	<b>Northern Ireland Local Government Association</b>
<b>NISRA</b>	<b>Northern Ireland Statistics and Research Agency</b>
<b>NSMC</b>	<b>North South Ministerial Council</b>
<b>NWRA</b>	<b>Northern Western Regional Assembly</b>
<b>SCVO</b>	<b>Scottish Council for Voluntary Organisations</b>
<b>SEUPB</b>	<b>Special European Union Programmes Body</b>
<b>JS</b>	<b>Joint Secretariat</b>
<b>MA</b>	<b>Managing Authority</b>