Dear Neil,

Thank you for the opportunity to give evidence to your Committee’s inquiry, which considered the implications of Brexit for the fishing industry on 5 September 2018, and for your letter of 12 September.

In relation to the Fisheries Bill, my officials would be very pleased to brief the Committee on progress in drafting the Bill and have contacted the Committee’s Clerk to make arrangements. As I said when I gave evidence, my department is in discussions with the Devolved Administrations on the content of the draft Bill. Parts of the Bill relate to devolved matters and so I am of the view that it would be more appropriate to wait until those discussions have concluded before sharing the clauses publicly. We set out our proposals for the Bill in the fisheries White Paper and so I would welcome your views as we consider responses to the consultation, which closed on 12 September.

I will take your further questions in turn, as asked.

Q1 – The Fisheries White Paper says you are reviewing the economic link to ensure that fishing for UK quota produces genuine economic benefits for UK coastal communities. What will this review involve and deliver?

Vivid Economics is currently undertaking research on our behalf to review the impact and effectiveness of the UK economic link condition. This work will conclude later this year. It involves an assessment of the quantitative benefit accrued to the UK economy from each of the criteria that are used to demonstrate a link to the UK.

In light of that research, we will develop options for reform of the economic link. The aim of this will be to ensure that the seafood sector, and wider UK economy, derives maximum benefit from the fishing of UK quota.

Q2 – The White Paper says that Defra will consider “whether and how” to replace the European Maritime and Fisheries Fund (EMFF). Does this mean the Fund might not be replaced following Brexit?

The current EMFF scheme comes to an end in December 2020. The EU has announced plans for a replacement EMFF scheme that will run from 2021-2027. We advised in the
explanatory memorandum, EM 9627/18\(^1\) that the UK would not seek to participate in the new EU scheme, the purpose of which will be to support the aims of the Common Fisheries Policy (CFP) and will support economic growth of the industry in the EU.

Leaving the EU means we will take our own decisions about how best to deliver the policy objectives previously supported by EU programmes. In the Fisheries White Paper we set out our plans to consider financial support to the sector in the future. In the Fisheries Bill, we are proposing, a power to replace, modernise and broaden the existing grant-making powers in the Fisheries Act 1981. This will provide greater flexibility and ensure that a new grant scheme can deliver better value for money. Decisions on replacement domestic arrangements will be taken during the Spending Review 19 (SR19) alongside decisions on all other domestic spending priorities.

Q3 – in relation to the development of any scheme to replace the EMFF:

a) What will be done to involve the Devolved Administrations in the development of any final scheme?

b) Will historical allocations be considered?

c) Will budgets and policy implementation and development be fully devolved?

d) Can you confirm it will not be either a Barnett-based or population based formula, but needs based?

e) Can you clarify the timescales?

f) What has been done to cover a ‘no-deal’ scenario in relation to EMFF?

Fisheries is a devolved policy area so we do not have competence to act on behalf of the Devolved Administrations (DAs). However, any future arrangements will be developed in collaboration with the DAs. We are working closely with the DAs to evaluate current schemes, the results of which will help shape the future domestic arrangements in the sector.

The current split of funding under EMFF is calculated on a number of seafood sector specific indicators. This includes the size of the fleet, size of aquaculture and processing industries. HM Treasury is ultimately responsible for financing issues within the UK government and for discussions on all devolved funding matters with finance ministers in the DAs. The question of future funding arrangements for fisheries is one which the Treasury will consider in preparing future fiscal plans. These plans will take account of our objectives to build a vibrant and sustainable UK fishing industry.

The Withdrawal Agreement confirmed the intention that the UK will continue to participate in all EU programmes financed by the Multiannual Financial Framework (2014-2020) until their closure. Therefore, it is expected that EMFF will continue to be open for new projects until 2020, with payments continuing to be made until 2023. In the event of a no deal scenario, the Chief Secretary to the Treasury announced on 24 July 2018 that all EMFF projects approved before the closure date of the current programme (Dec 2020) will be fully funded under an HMG guarantee. This guarantee applies across the UK, and will fund projects until the end of 2023.

Q4 – Do you envisage the amount of funding targeted at support for fishing communities to increase or decrease after Brexit?

We are currently undertaking a range of evaluation activities of the current EMFF scheme in order to get a clear overview of the benefits that grant funding has on the sector. The evaluation includes the mid-term evaluation of EMFF, which will focus on the success of the programme at a procedural level. We are conducting social research to assess the wider impact of the funding scheme across the UK, both on the sector and local coastal communities. Finally, we are participating in a study, commissioned by Marine Scotland, which will assess the economic growth of the seafood sector. This study will have a wide scope in order to capture the areas of inclusive economic growth across the UK.

The data gathered from these evaluations will form an evidence base to inform any future funding arrangements for the fisheries sector, fish processors and coastal communities. Decisions on any funding arrangements will be made alongside the decisions on all other domestic spending priorities at SR19.

Q5 – How will UK-wide frameworks be developed and implemented and what steps will be taken to ensure full consultation with and consent of the Devolved Administrations?

Fisheries is devolved and the UK government is committed to respecting the devolution settlements. The UK government is working closely with colleagues in the Devolved Administrations on the development of common frameworks. These frameworks must work for the whole of the UK and respect the devolution settlements of Wales, Scotland and Northern Ireland, while maintaining the integrity of the UK internal market.

There have been productive discussions at ministerial and official level between Defra and the Devolved Administrations to identify where common approaches may be required across the UK when we leave the EU, and the arrangements required to establish and maintain them.

As set out in the Fisheries White Paper we are planning to introduce a Fisheries Bill in this Parliamentary session including proposals for UK-wide legislation.

I shall write to you again shortly, concerning trade and planning in the event of a no-deal scenario.

GEORGE EUSTICE MP