EU Transition Fund

1. Previewed in our ‘Welsh Government Final Budget 2018-19: a New Budget for Wales’ in December 2017 and announced earlier this year by the First Minister, our £50 million EU Transition Fund was established to help business, public services and other partner organisations in Wales plan for and prepare for the impacts of Brexit. The EU Transition Fund is available across the transition period.

2. This new Fund is part of our Brexit plans to directly help businesses and public services for the significant changes ahead. We are seeking novel ways to support partner organisations through Brexit, and considering what advice, guidance and financial support we can provide to help them deal with this change.

3. The Fund will work alongside our existing financial support and help our partner organisations reach out to the world. In facing the many and varied challenges and opportunities posed by Brexit, our approach needs to be flexible enough for our private and public sectors to adjust agilely.

4. It is important we are flexible and responsive to deal with the consequences of leaving the EU as details emerge during Brexit negotiations and over the whole period of the transition arrangements.

5. This fits with our existing policies and programmes, but given the very nature of Brexit, and as we are seeking innovative solutions to problems which lie ahead, also enhances our offer.

6. We will support interventions which add value and are in addition to UK Government’s obligations, in line with our priorities identified in ‘Securing Wales’ Future’. The Fund will focus on Brexit related matters within devolved powers only. The Fund will help us identify Welsh solutions to Welsh problems.

7. The Fund should help benefit Wales’ planning and preparedness for Brexit. Potential areas for investment in transition include technical, commercial, trade, and export-related and industry sectoral-specific support for businesses, the public and third sectors. The fund can help employers attract, recruit and retain EU nationals, who make a crucial contribution to Wales.

8. The £50m, which will be a mix of revenue, capital and loan finance
Design Principles

9. The principles which underpin the fund include:

- Additional to ongoing activity already underway, leveraging additional resources where possible;
- Additional to investments/compensation from the UK Government;
- Strategic, well-founded and with clear potential to add value, supporting collaboration across sectors;
- Underpinned by value for money, and wherever possible, distributed using existing Welsh Government funding channels with existing organisations active in the identified areas;
- Presented with a sound evidence base approach to preparing for Brexit to ensure our policy priorities and interventions are robust and appropriate – the Fund will be made available to build the evidence base where required and supporting our engagement with the private, public, third sectors and citizens.

Governance

10. Cabinet sub-committee members were updated on the EU Transition Fund on 21 March and 18 April. The European Transition Officials Group considered the Fund on 5 April with regular updates since. To date the European Advisory Group, Council for Economic Development (and its Brexit working group), the Environment and Rural Affairs Roundtable, as well as other partner organisations have been engaged and involved in helping to shape and form our approach.

11. The European Transition Officials Group (ETOG) Funding Sub-Group have an ongoing role in managing, co-ordinating and reporting on the Fund overall and put advice to the Cabinet Secretary for Finance and the Cabinet Sub-Committee.

12. Once agreed by the Cabinet sub-committee, it is for departments and divisions to deploy allocated funds using established funding mechanisms, with appropriate transparency in monitoring and reporting mechanisms. Updates on overall funding expenditure, outputs and outcomes will be provided to the Cabinet sub-committee on a regular basis. Officials will liaise with the Wales Audit Office to agree auditing arrangements.

13. The Welsh Government will build on its evidence-based approach to preparing for Brexit to ensure our policy priorities and interventions are robust and appropriate. The Transition fund will be made available to build the evidence
base where required and supporting our engagement with the private, public, third sectors and citizens.

EU Transition Fund: First Tranche

14. The Cabinet Sub-Committee (CSC) considered a paper on the EU Transition Fund: First Tranche CSC-EU(17-18)22 on 16 May. The paper outlined the Fund and its main purpose of helping business and partner organisations plan and prepare for Brexit.

15. The paper invited CSC members to approve the list of initial allocations in this first tranche of the Fund, including eight proposals with approx. £7m funding.

16. Among the first projects to benefit from the funding was £2.15 million to support the development of the red meat sector in Wales. It will support farmers to identify improvements to their businesses to help them become more competitive and in a better position to trade profitably following Brexit. Funding of £100k will also be given to an import substitution project to help identify and secure supply chains within the UK and encourage companies based in the EU to set up operations in Wales.

17. Also, over the next two years, the fishing and aquaculture industries will receive financial support to help that sector find new markets and prepare for future trading outside the EU. Funding of £390k and £440k is being made available to transforming Government Fisheries Management Systems for EU Exit and to supporting Welsh fisheries and Aquaculture sectors to prepare for EU Exit respectively.

18. We recently announced £3.5m for a programme run by Wales’ universities to drive international partnerships and promote Wales as a study destination in a post Brexit world. We are also facilitating the WLGA to deliver a Brexit support package to all 22 local authorities in Wales (£150k) and for research to collect data on social care workforce and dependency on EU nationals (£200k).

19. Further projects that will benefit from the funding will be announced in the near future. We continue to welcome ideas for initiatives and interventions that will be of strategic value to Wales.

Next steps

20. There will be an EU Transition Fund Second Tranche, with call for proposals mid July with end August deadline, and seeking Cabinet sub-committee approval for bids 19 September.
21. We are providing an initial £50m for the fund and will continue to keep the need for additional funding under review.

European Transition Team
8 August 2018