Department for
Business, Energy
& Industrial Strategy

EU EXIT Business Readiness Forum: Summary of Questions & Answers

28 February 2019

Delivering the deal negotiated with the EU is the government's top priority. However, a responsible government must prepare for every eventuality, including a no deal scenario. Public Procurement and EU and Non-EU Funding that took place during the EU Exit Business Readiness Forum on 28 February 2019.

The purpose of the forum was to provide information to trade and representative bodies, and other business intermediaries in order that their members and businesses in their networks may prepare.

For further information please visit euexit.campaign.gov.uk

Public Procurement

Question: Dominic Williams, FSB, asked "on currency threshold on impact of change".
Answer: Revaluing the sterling value of the financial thresholds in the light of currency fluctuations will be assumed by the Minister for the Cabinet Office. Thresholds will remain aligned to those agreed with the Government Procurement Agreement (GPA). The next review of the thresholds will be implemented by January 2020.

Question: Peter Campbell, Business Services Association asked, "Does No Deal have an impact on the domestic procurement regulations?".
Answer: No Deal will be using the revised regulations until Dec 2020, we cannot comment on what will happen after Dec 2020, although Cabinet Office are looking at it.

Question: Peter Campbell, Business Service Association asked, "on the issue of WTO and GPA, quite a lot of service not covered by GPA, what will happen to these?".
Answer: UK companies will be able to continue to bid for UK opportunities and read UK notices on the new UK e-notification service. The GPA has agreed to the UK joining the WTO Government Procurement Agreement (GPA). In light of this, it is anticipated that UK suppliers will continue to have the same access to government procurement markets in the other GPA parties (including the EU). UK suppliers will continue to be able to search for public contract opportunities throughout the EU via OJEU/TED. The Government is also seeking continuity of our existing bilateral EU trade agreements as we leave the EU. The aim is to ensure that

procurement provisions in these agreements are replicated as far as possible, in new bilateral UK agreements

Question: "Draft statutory instruments on public procurement, what is happening with these?".
Answer: If the UK leaves the EU without a deal, the public procurement regulations will remain broadly unchanged after EU exit at 11pm on 29 March 2019. On 13 December the Cabinet Office laid a draft Statutory Instrument (SI) before both Houses of Parliament. After the laying date, it may be viewed at the Statutory Instrument pages on GOV.UK. The SI is subject to change until it is made. Only once it is made will the contents of the new regulations be settled. The current regulations will be amended to ensure they remain operable and functional on exit. The majority of the procurement regulations and in particular the different procedures available to contracting authorities and entities, will remain exactly the same.

EU Exit

Question: Martin Chapman, Institute of Civil Engineers, asked "What happens if all three votes are rejected?"
Answer: We cannot speculate on what will happen next, we will continue to prepare for all scenarios, and our focus remains on leaving the EU in an orderly way on 29th March.

Question: Martin Chapman, Institute of Civil Engineers, asked "Is the Spring Statement still happening?".
Answer: As previously announced The Chancellor of the Exchequer, Philip Hammond, has announced that the government will respond to the forecast from the Office for Budget Responsibility (OBR) in a Spring Statement on Wednesday 13 March 2019.

Question: Dan Cichocki, UK Finance, asked "If the house votes to extend Article 50, what are the mechanisms that need to follow?"
Answer: The Prime Minister would have to go back to the EU and seek approval, we would also need to ratify extension into UK law.

Funding

Question: Grace Skelton, UK Steel, UK Research fund for coal and steel and what will happen to assets that were paid in originally. These came from Sector and not Govt
Answer: In a Deal, and as part of the WA, there will be a financial settlement with the EU. The Government will decide on expenditure in the next Spending Review after EU Exit. Science and innovation have been made a priority by the UK Government and is at the heart of the Department's Industrial Strategy, in recognition of the strong economic benefits of public investment in science and innovation and its capacity to leverage private investment.

If the UK left without a deal HMG has been clear that the UK has obligations to the EU, and the EU obligations to the UK, that will survive the UK's withdrawal – and that these would need to be resolved. To provide certainty, in August 2016, the UK government announced that it would underwrite all competitively bid for EU funded projects submitted while we are still a member of the EU. On 24 July 2018, the UK government announced that it would extend the guarantee to cover UK participants' funding in all RFCS calls open to third country participants from the date of exit until the end of 2020.

Question: Dominic Williams, FSB, asked "Is it safe to assume the shared prosperity fund will continue?"
Answer: The Chancellor of the Exchequer, Philip Hammond, will be make the Spring Statement on Wednesday 13 March 2019. Details of future funding programmes will be set out in the statement.

Question: Katrina Ross, UK Chamber of Shipping, what is the relationship between funding streams and state aid.
Answer: The Government laid a state aid Statutory Instrument (SI) before Parliament on 21 January 2019, to ensure a domestic state aid regime would be in place by 29 March 2019 in the event the UK leaves the EU without a deal. This SI transposes the EU state aid regime into domestic law and, in the event of no deal, gives the CMA the function of being the UK state aid enforcement authority, in place of the European Commission, from the date on which the UK leaves the EU. The SI does not materially alter the substance of the EU state aid framework.
HM Treasury has guaranteed continued funding after EU exit to UK participants of a range of programmes currently funded by the EU, such as Horizon 2020. These EU programmes do not currently constitute State aid because the funds are allocated by EU institutions and are not paid directly from Member State resources.

After EU exit, however, there is a risk that payments for some programmes made as a result of HM Treasury's underwrite would become classed as State aid under the state aid SI. To avoid this unintended consequence, and ensure certainty for UK participants of EU programmes, the Government has concluded that specified EU projects, as detailed in Schedule 2 of the draft regulations, should be exempt from the scope of the retained State aid rules. This exemption applies to funding that has been bid for before exit day and was allocated before or after exit day.

However, any funding bid made after exit day under the underwrite scheme will need to comply with the domestic State aid regime. The most appropriate means of ensuring compliance will be considered on a case by case basis.
