EXPLANATORY MEMORANDUM FOR EUROPEAN UNION LEGISLATION AND DOCUMENTS

9511/18
COM(2018) 375 Final

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument

AND

9522/18
COM(2018) 372

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the European Regional Development Fund and on the Cohesion Fund

AND

9573/18
COM(2018) 382

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the EUROPEAN SOCIAL FUND PLUS (ESF+)

Submitted by The Department for Business, Energy and Industrial Strategy on 13 June 2018.

SUBJECT MATTER

1. The European Commission (EC) has published proposals for new Regulations to govern European Structural and Investment Funds (ESI Funds), the shared management investment programmes which aim to reduce economic, social and regional disparities across the European Union (EU), and to address the impacts of migration on the bloc.

2. In the context of the UK's departure from the European Union in 2019, the UK does not expect to participate in future ESI Funds, as HMG has committed to creating a UK Shared Prosperity Fund instead to succeed substantial components of these funds. Therefore these regulations are not expected to apply to the UK, nor will they affect the UK's own regional investment plans. However, due to the new structure of the ESI Funds (see below), any final decision on ESI Fund participation will be taken as part of the discussions on the Future Economic Partnership with the EU.

3. In addition, the December 2017 Joint Report between the UK and the EU stated that both parties would favourably explore participation in European Territorial Cooperation (Interreg) programmes, a sub-fund within ESI Funds which deals with cross-border collaboration, and which is dealt with in a separate Explanatory Memorandum (see EM 9536/18).

4. The new proposals encompass seven funds, four of which were core parts of ESI Funds under the current Multiannual Financial Framework (MFF): the European Regional Development Funds (ERDF), the European Social Fund Plus (ESF +), the Cohesion Fund (CF), and the European Maritime and Fisheries Fund (EMFF). Three new funds are being brought under the aegis of ESI Funds; these are the Asylum and Migration Funds, the Internal Security Fund, and the Border Management and Visa Instrument.

5. These new funds were combined with existing ESI Funds in order to coordinate regional and social funding with efforts to mitigate the impacts of migration across the European Union.

6. This memorandum covers the common regulations governing all ESI Funds, and the specific regulations relevant to the EU's Cohesion Policy, its policy to reduce economic and social disparities between and within regions (often known as the EU's "regional policy"). Cohesion Policy is specifically delivered through the ERDF and ESF+ (collectively known as Structural Funds), and through the Cohesion Fund (for which the UK has historically not been eligible as a wealthier Member State).

7. The specific regulations for Funds related to Cohesion Policy are being considered jointly with the common regulations in this memorandum because they overlap to a significant extent, as they share common objectives and a common regulatory framework. The specific sub-regulations for the EMFF and the migration aspects of the funds are dealt with in Explanatory Memoranda submitted by other government departments.

8. ERDF addresses disparities in levels of development between regions, and supports research and innovation, Small and Medium Enterprises (SMEs) and the creation of a low carbon economy.

9. ESF+ supports investment in people and improving employment, and is set to become the EU's tool to implement the European Pillar of Social Rights ; it supports labour market participation, fosters social inclusion, and promotes skills and lifelong learning. The remit of ESF+ has been expanded compared with the 2014-2020 ESI Fund regulations to include EU programmes on health, deprivation and youth employment.

10. The new proposals for ESI Funds would come into force with the start of the next MFF, the EU's multi-year budget, which will span 2021-2027. They will not repeal the current ESI Fund regulations which govern the 2014-2020 period, but will simply cover the new programmes commencing in 2021.

11. The total value of all ESI Funds for the 2021-2027 period is proposed to be €358.9bn (£312bn). The proposed budget of Cohesion Policy is €330.6bn (£287.4bn), approximately 30% of the total EU budget for 2021-2027 (for

2014-20 it amounted to a third). There will be net cuts to Cohesion Policy of 5-7% compared with the previous programming period, depending on the final agreed budget.

12. The breakdown for each fund is as follows:

Fund	Total value
ERDF	€200.6bn (£174.5bn)
Cohesion Fund	€41.3bn (£35.9bn)
ESF	€88.6bn (£77bn)
Cohesion Policy Total	**€330.6bn (£287.4bn)**
EMFF	€6.1bn (£5.3bn)
Asylum and Migration Fund	€10.4bn (£9bn)
Internal Security Fund	€2.5bn (£2.18bn)
Border Management and Visa Instrument	€9.3bn (£8bn).

Overview of the common regulations

13. The new Common Provision Regulations, which provide common rules for all seven funds, aim to reduce unnecessary administrative burdens identified in the delivery of previous programmes, and highlighted in multiple consultations and impact assessments; to increase programme flexibility to deal with changing circumstances; and to align the programmes more closely with each other and EU priorities. It has been estimated that complex rules currently account for 3-4% of average programme costs.

14. Whereas the 2014-2020 ESI Funds pursued 11 thematic objectives, the new funds have been simplified to five objectives. These are:

a. A Smarter Europe (innovation and smart economic transformation)

b. A greener, low carbon Europe

c. A more connected Europe (mobility and regional ICT connectivity)

d. A more Social Europe

e. Europe closer to citizens (locally led urban, rural and coastal development).

15. The aim of reducing the number of objectives was to remove artificial distinctions between them, and to enable thematic concentration across different funds (e.g. combining ERDF and ESF interventions).

16. The new regulations have changed the nature of the "ex ante conditionalities" (i.e. preconditions) that have to be met before funding can be delivered: there are now fewer but more focused requirements, and rather than being evaluated before programmes are launched, they will be evaluated throughout the entire course of a programme (funding will be

interrupted if the precondition ceases to be met at any point during programme delivery).

17. The extent to which Member States act on "country specific recommendations" (specific objectives to each Member State depending on their respective challenges) will also be monitored more closely by the EC.

18. Under the new rules funding will only be allocated for the first five years of operation, in order to build in flexibility and to respond to changes in circumstances, with funding for the final two years to be allocated after a mid-term review.

19. The new regulations are meant to encourage synergies between different EU instruments (e.g. ESI Funds and the Common Agricultural Policy, Horizon Europe, Erasmus)

20. To help programmes become more flexible, it will be made easier to make small adjustments to allocations without having to notify or seek EC consent; up to five percent of programme allocations will be able to be transferred to different programmes without seeking formal EC approval.

21. The new rules would also make it easier to transfer ESI Funding to the EU's other major investment mechanism, InvestEU.

22. Technical assistance (funding used to support programme implementation) will be simplified, with a flat rate introduced rather than complex formulas as was previously the case.

23. A major innovation compared with previous programmes will be the requirement to transfer electronic data on programme performance on a fixed schedule (every two months) to an open data platform that will track the delivery of ESI Funds. This schedule of near real-time reporting is aimed at making the funds more transparent, and at facilitating the annual performance review that Member States must go through with the EC. It also allows for the elimination of the annual report on how programmes were operating, previously considered a burden.

24. To simplify the administrative burden of payments, the use of simplified cost options is to be made more systematic and simpler (e.g. flat rate reimbursements, lump sums).

25. Financial instruments, a key vehicle in delivering ESI Funds, have been simplified: their rules have been harmonised with those of grant funding to prevent two different rule systems clashing; it has also been made easier to fuse financial instruments and grants; and specific rules for major projects have been streamlined with the core regulations. Financial instruments will no longer need to be reported on separately from the other forms of funding as was previously the case.

26. To simplify the transition between the 2014-2020 and 2021-2027 programmes, it will be possible to "roll-over" existing management structures and IT systems.

27. A significant innovation is the reduction in the audit burdens - smaller projects will only have to go through one audit, larger projects will go through fewer audits than before, and for Member States with historically low error rates, the EC will significantly reduce its oversight.

28. The process for reimbursement requests from Member States to the EC will follow a regular schedule, with four slots a year dedicated to such requests. In the previous regulations, Member States submitted requests as soon as they were ready.

29. Member States will now have two, rather than three, years to spend the money they have committed to a programme or project, before the EC "decommits" (i.e. reclaims unspent allocations). This shorter timeframe is because the EC considers that its simplifications make it easier for Member States to spend their allocations quickly.

30. Funding will still be allocated based on a region's relative wealth expressed as Gross Domestic Product (GDP) per capita – however the thresholds which define such regions have been modified compared with 2014-2020 to ensure that regions that have suffered from the financial crisis are allocated more funding. The classifications are as follows:

    a. Less developed regions, where GDP per capita is less than 75 per cent of the EU average;

    b. Transition regions, where GDP per capita is between 75 per cent and 100 per cent of the EU average (the threshold for this category of region used to be 75% to 90% of average EU GDP);

    c. More developed regions, where GDP per capita is over 100 per cent of the EU average (formerly 90% in 2014-2020).

31. ESI Funds rely on match-funding, in other words: for a set amount of funding committed by the EU, a Member State also has to commit a certain amount of domestic funding. The new regulations stipulate that Member States will now have to commit more domestic funding than previously, whereas the EU's share of funding will diminish, to ensure greater local ownership.

32. The EC has also proposed that it should have fewer powers to draw up secondary legislation in this area, and should do so less often, with the objective of making the main body of regulations clearer and more precise, with fewer calls for correction and clarification than in previous programming periods.

Overview of the ERDF and Cohesion Fund specific regulations

33. While to ensure simplicity and consistency, the common regulations govern as much as possible the delivery of ERDF and the Cohesion Fund, a further set of regulations have been produced:

a. to refine the priorities and themes mentioned in the common regulations that apply to ERDF and the Cohesion Fund;

b. to define a fund specific indicator framework; and

c. to define the specific approach to urban development, and the EU's outermost regions.

34. These supplementary regulations, like the core regulations, were designed with simplification in mind following fund evaluations and consultations with stakeholders.

35. The main bulk of simplifications are to be delivered by the core regulations, however the fund-specific regulation contributes by defining that most investments should be concentrated (thematic concentration) on:

a. A smarter Europe (smart economic transformation)

b. A greener, low carbon Europe.

36. As a result, between 65% and 85% (depending on the category of region) of all ERDF and Cohesion Funding will have to go towards fulfilling the objectives stated above.

37. In addition, the regulations stipulate where investments would not be supported by the funds as the result of a history of poor performance, or because of an incompatibility with the fund's stated objectives. The fund-specific regulation also provides that 6% of all ERDF resources should go to sustainable urban development, marshalled under a single programme (the European Urban Initiative).

38. It also provides for specific rules for the EU's outermost regions (e.g. schemes to offset transport costs and investments, and slightly more relaxed regulatory requirements in some cases).

Overview of the ESF+ Specific Regulations

39. Under the 2021-2027 programme, ESF+ will cover a wider range of activities than ESF did in 2014-2020. This is because previously separate funds were added to ESF to form ESF+, to simplify administrative burdens, and increase synergies between EU initiatives. ESF+ is constituted of the former:

a. ESF

b. Youth Employment Initiative (YEI)

c. The Fund for European Aid to the Most Deprived (FEAD)

d. The Employment and Social Innovation (EaSI) programme

e. The Programme for the Union's action in the field of health (the Health Programme / Health for Growth).

40. In addition, in 2017 the EU adopted the European Pillar of Social Rights, created to enhance the social dimension of the EU; ESF+ has been enlarged to support the delivery of this pillar.

41. While to ensure simplicity and consistency, the common regulations govern as much as possible the delivery of ESF+, a further set of regulations have been produced because:

   a. Some of the funds added to ESF+ are not exclusively under a 'Shared management' structure, but mixed structures (e.g. the Employment and Social innovation strand has a mixed management model, and has specific rules defining its objectives); while the Health Programme is under direct management and therefore has specific sub-rules attached to it, as well as rules in common with the Employment and Social Innovation strand.

   b. The fund-specific regulations define specific targets for allocations and a common sets of indicators.

   c. The FEAD aspect of ESF+ (aimed at the most deprived) has lighter rules than ESF+ as a whole to recognise the difficulty in setting up schemes that are targeted to the most vulnerable and deprived populations.

42. The ESF+ specific regulation stipulates that at least 25% of national ESF+ resources have to be reserved for measures promoting social inclusion and tackling poverty. A further 2% have to be assigned to fund measures that target the most deprived.

43. A further 10% of the ESF+ will have to be allocated to actions supporting young people and their employment prospects. This figure will rise to 15% in outermost regions with the highest youth unemployment problems.

44. The fund-specific rule also allows for Member States to collect data from existing registers rather than creating new data sets, in recognition of the administrative burden linked to having to create entirely new databases in matters of social intervention (subject to relevant data protection laws).

45. ESF+ regulations also set out a provision that enables "innovative actions" in their programmes to find alternative, bottom-up ways of approaching social policy.

SCRUTINY HISTORY

46. These proposed regulations were tabled for the first time on 29 May 2018. There is therefore no specific scrutiny history that relates to them.

47. However, scrutiny of the previous initial proposal for the 2014-2020 ESI Funds can be found under EM 15243/11.

MINISTERIAL RESPONSIBILITY

48. The Secretary of State for Business, Energy and Industrial Strategy has overall policy and coordination responsibility for Structural Funds in the UK. The Chancellor of the Exchequer, the Home Secretary, and the Secretaries of State for Housing, Communities and Local Government, Exiting the European Union, Scotland, Wales and Northern Ireland, Education, Health and Social Care (for the delivery of the current Health Programme), Environment, Food and Rural Affairs, and Foreign and Commonwealth Affairs also have an interest in the delivery of ESI Funds.

49. MHCLG and DWP are responsible for delivering ERDF and ESF respectively in England. The Devolved Administrations, and HM Government of Gibraltar, are responsible for delivering the funds in their respective territories.

50. Other policy areas covered by the proposed new ESI Funds are covered by DEFRA and the Home Office.

INTEREST OF THE DEVOLVED ADMINISTRATIONS

51. Amendments to EU legislation and the EU budget are reserved matters for the UK Government. The Devolved Administrations are responsible for the implementation of their ESI Fund programmes. Therefore, the Devolved Administrations have an interest in this proposal.

52. However this proposal is not expected to affect the Devolved Administrations or HM Government of Gibraltar, as the UK does not expect to take part in the 2021-2027 ESI Funds (although, due to the new structure of the ESI Funds, any final decision on ESI Fund participation will be taken as part of the discussions on the Future Economic Partnership with the EU). The implications for ETC (Interreg) are addressed in a separate memorandum (see EM 9536/18).

53. The Devolved Administrations were consulted in the preparation of this EM.

LEGAL AND PROCEDURAL ISSUES

Legal basis

54. The legal basis for the ESI Funds as a whole it set out below.

55. Article 317 of the Treaty of the Functioning of the European Union (TFEU) allows the EC to implement budgets in cooperation with Member States, in accordance with the provisions of the regulations made pursuant to Article 322 TFEU.

56. Article 322(1) TFEU provides the legal basis for the adoption of regulations establishing the financial rules and procedures necessary for implementing a budget and auditing accounts.

57. Specific action for the ESI Funds is allowed under the objectives set out by Articles 162, 174, 175, 176 and 177of the TFEU which set out the roles and objectives of Structural Funds, and the Cohesion Fund. Action related to

fisheries are spelt out in Article 39.

58. The regulation setting up the Asylum and Migration Fund is based on Articles 78(2) and 79(2) and (4) of the TFEU. The Integrated Border Management Fund is authorised by article 77(2). The Internal Security bund by Articles 82(1), 84 and 87(2). The Health Programme by Article 168.

European Parliament Procedure

59. The European Parliament will consider this proposal through the Ordinary Legislative Procedure.

Voting procedure

60. These regulations will be approved through Qualified Majority Voting.

Impact on United Kingdom Law

61. These regulations will currently have no impact on United Kingdom law, as the UK will no longer be a Member State of the European Union, and does not expect to participate in the ESI Funds for 2021-2027 (although, due to the new structure of the ESI Funds, any final decision on ESI Fund participation will be taken as part of the discussions on the Future Economic Partnership with the EU). The exception to this is future ETC/Interreg programmes. The implications for ETC/Interreg are addressed in a separate memorandum (see EM 9536/18).

Application to Gibraltar

62. These regulations will have no impact on HM Government of Gibraltar, as it does not expect to participate in the 2021-2027 ESI Funds (although, due to the new structure of the ESI Funds, any final decision on ESI Fund participation will be taken as part of the discussions on the Future Economic Partnership with the EU). The implications for ETC (Interreg) are addressed in a separate (see EM 9536/18).

Fundamental rights analysis

63. This regulation requires that all programmes have, as part of their enabling conditions (i.e. the criteria under which funding is unlocked), the respect of the Charter of Fundamental Rights of the EU, ensuring a positive impact on the observance of such rights.

64. In addition, respect for the rule of law is a self-standing, cross-EU regulation enshrined in Article 322 of the TFEU.

APPLICATION TO THE EUROPEAN ECONOMIC AREA

65. ESI Funds regulations do not apply to countries of the European Economic Area (EEA) except where those countries participate voluntarily on third-country terms in specific programmes.

SUBSIDIARITY

66. While references to subsidiarity are spelt out in each fund-specific regulation, the common regulations do add that:

    a. Subsidiarity is promoted by the principle of shared management, since the programmes are not managed directly by the EC except where otherwise specified and justified in the fund specific rules, but implemented in partnership with Member States.

    b. In addition, Article 11 of the TFEU states that environmental protection regulations should be integrated into EU policies.

Subsidiarity in ERDF and Cohesion Fund specific regulations

67. The impact assessments for ERDF and Cohesion Fund note that EU action is desirable because it adds value at the national level:

    a. In multiple countries, ERDF and Cohesion Funding account for over 50% of public investment; therefore it helps those states unable to mobilise sufficient investment.

    b. There are significant spillovers linked to these investments across national and regional boundaries.

    c. It promotes EU priorities (e.g. labour market reforms, environment and climate etc).

    d. It delivers results on issues that matter to European citizens (e.g. creating 420,000 jobs, and supporting 1.1m SMEs).

Subsidiarity in ESF+ specific regulations

68. For matters of social and employment policy, as well as public health, the EU has shared competences with Member States (Article 4 of the TFEU), or competences to define the framework within which Member States must act (Article 5 TFEU), in addition to the competence to carry out actions to support Member States (article 6).

POLICY IMPLICATIONS (including Exit implications where appropriate)

69. There are no expected domestic policy implications for the UK stemming from the EU's new regulations on Cohesion Policy and other ESI Funds (however, due to the new structure of the ESI Funds, any final decision on ESI Fund participation will be taken as part of the discussions on the Future Economic Partnership with the EU). The implications for ETC (Interreg) are addressed in a separate memorandum (see EM 9536/18).

70. This is because the UK is leaving the European Union in March 2019, and HMG has committed to create a new UK Shared Prosperity Fund, a domestic successor to the EU's Cohesion Policy.

71. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation.

72. HMG has published a Position Paper setting out its views on the future of Cohesion Policy, even though the UK will not participate. This is because the UK is still committed to playing its part while it is still a Member State, by contributing its valuable knowledge to policy discussions.

73. Under the terms of the December 2017 Joint Report between the UK and the EU, the UK will continue to take part and pay its share in 2014-2020 European Structural and Investment Funds (and therefore Cohesion Policy), but does not expect to take part in the next ESI Funds (2021-2027) (with final positions determined during the Future Economic Partnership discussions with the EU). This settlement, once agreed as part of the Withdrawal Agreement, will supersede the requirement for the domestic guarantee announced by the Government last year.

74. As a result, 2014-2020 EU funding for UK participants and projects will be unaffected by the UK's withdrawal from the EU for the entire lifetime of such projects. This means local areas will continue to receive the same level of funding as they would have done in the EU during the implementation period, ensuring no local areas lose out.

75. In the second phase of negotiations, the Union and the UK may agree simplified procedures to avoid unnecessary administrative burdens extending into the 2020s as part of the current set of programmes. Beneficiaries will not notice any difference in the operation of the programme.

76. The guarantees already made will still stand in a "no deal" scenario. The Government has guaranteed the following in the case of 'no-deal'. Projects that were signed before the Autumn Statement 2016 will be guaranteed by the government after the UK leaves the EU. In addition, those signed in the period after the Autumn Statement 2016, but before we leave the EU, will also be guaranteed by the government after the UK leaves, where they provide value for money and are in line with domestic strategic priorities, including those projects that draw funding after EU Exit. In this way, the government has ensured that there is continuity of funding, and the necessary certainty for beneficiaries in place ahead of EU exit.

77. Following the UK's withdrawal from Cohesion Policy, after the current programming period ends, HMG has committed to creating the UK Shared Prosperity Fund. The UK Shared Prosperity Fund will be a domestic programme of investment to boost productivity and reduce economic inequality across the country following the UK's departure from the European Union.

78. However, the new Fund affords a fresh opportunity to spend money according to the UK's own priorities rather than those set by the EU. HMG will have the opportunity to reduce bureaucracy and deliver a simpler

programme of investment, which will be easier for local areas to access and cheaper to administer.

79. The Industrial Strategy set out clearly the Government's intention to consult widely on the design of the UK Shared Prosperity Fund in 2018. In advance of this, the Government will engage devolved administrations to consider how the Fund can best operate across the UK.

CONSULTATION

80. HMG and the DAs do not need to hold consultations on these legislative proposals, as the UK does not expect to participate in future ESI Funds (although, due to the new structure of the ESI Funds, any final decision on ESI Fund participation will be taken as part of the discussions on the Future Economic Partnership with the EU). The implications for ETC (Interreg) are addressed in a separate memorandum (see EM 9536/18).

81. In the first quarter of 2018 the Commission undertook consultations in respect of all funds (except for EMFF, which was held in 2016). The findings were similar to those highlighted in the consultations ran by the various programmes; these included:

   a. the need to reduce the administrative burden (especially audit and payment systems);

   b. the need to reduce fragmentation across funds;

   c. a greater need for flexibility on how funding was allocated and spent; and

   d. support for financial instruments as efficient funding tools, but a need to streamline their rules.

82. The new set of regulations were specifically designed to address the issues raised, leading to the simplifications described earlier in this memorandum.

IMPACT ASSESSMENT

83. The UK does not have the conduct impact assessments for these proposals, as the UK does not expect to take part in the 2021-2027 ESI Funds (although, due to the new structure of the ESI Funds, any final decision on ESI Fund participation will be taken as part of the discussions on the Future Economic Partnership with the EU). The implications for ETC (Interreg) are addressed in a separate memorandum (see EM 9536/18).

84. In addition, the EC has already conducted impact assessments. They look at each fund separately; there is no impact assessment on the common provisions.

ERDF and Cohesion Fund Specific Impact Assessment

85. The impact assessment for ERDF and Cohesion Policy considered the effect that a 7% budget reduction to ERDF and the Cohesion Fund might have,

and how to deal with it.

86. The preferred option was to maintain support in key areas (e.g. low carbon, innovation, SMEs) in order to bolster the EU's response to key challenges (e.g. globalisation, environmental challenges), and reduce it in other areas. The alternatives were to impose blanket cuts across all areas and all regions, or to reduce the contribution to more developed regions (the latter was discounted in order to maintain a critical mass of investment and to continue to have investments across all of the EU, as its greatest challenges, such as globalisation and economic transformation are felt in every region).

ESF+ Specific Impact Assessment

87. The ESF+ impact assessment looked at the most effective way to maintain EU-level support to national investment mechanisms, and how to increase synergies between different yet linked instruments, with the particular aim of delivering the principles of the European Pillar of Social Rights.

88. Different options looked at the impact of merging different funds. The current proposal, ESF+ based on the merger of ESF, the YEI, FEAD, EaSI and EU Health Programme was preferred because it helped streamline interventions over a broad range of social issues. Including the European Globalisation Adjustment Fund (EGF) was discounted because the EGF had very specific objectives, higher political visibility, and greater budgetary flexibility which would have been lost under an ESF+ merger. The option of merging all ESI Funds was discounted as it would have been impossible to tailor specific rules to specific sectors.

FINANCIAL IMPLICATIONS

89. There are no direct financial implications for the UK from these proposals. The UK is not expected to participate in these programmes in the next MFF, however the UK would make an ongoing contribution to cover our fair share of the costs involved in any participation in future programmes and policies, and the exact terms would be subject to negotiation.

TIMETABLE

90. The EC have asked that negotiations on these proposed regulations should be complete by spring 2019, but agreement would be subject to a deal being done on the wider MFF.

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