**EXPLANATORY MEMORANDUM TO**

**The Financial Assistance (Coronavirus) (Airports) (Amendment) Regulations (Northern Ireland) 2021**

**SR 2021 No. 90**

## 1. Introduction

1.1. This Explanatory Memorandum has been prepared by the Department of Finance ("the Department") to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2. The Statutory Rule is made under powers conferred by sections 1(2) and 3 of the Financial Assistance Act (Northern Ireland) 2009, the Department has been designated as the relevant department by the First and deputy First Minister, and is subject to the negative resolution procedure.

## 2. Purpose

2.1. The purpose is to increase the total provision for temporary financial support to Belfast International Airport (BIA) and Belfast City Airport (BCA) in light of the significant financial difficulties these organisations continue to face as a result of COVID-19 from £7.8M to £10,030,000.00.

## 3. Background

3.1. Airports are one of the sectors most impacted by the Covid crisis. Covid-19 impacts have led to an unprecedented drop in passenger demand with fundamental short and medium term financial impacts for the airports and airlines operating here. The situation is not expected to return to anything like pre-covid operations in the near-term. BIA and BCA are running at a significantly reduced capacity. This has led to dramatically scaled back operations and operating hours with the potential for this level of service to be reduced further, while both organisations are also running at significant and unsustainable losses - putting these vital connectivity assets at risk.

3.2. This Statutory Rule amends the Scheme which was put in place by The Financial Assistance (Coronavirus) (Airports) Regulations (Northern Ireland) 2020 to address that ongoing situation.

## 4. Consultation

4.1. The urgent nature of the required assistance has meant that no formal consultation exercise has been carried out.

## 5. Equality Impact

5.1. Consideration has been given to compliance with section 75 of the NI Act 1998. The Department considers that the Statutory Rule will not result in any equality differentials amongst Section 75 groups. A full equality impact assessment was not considered necessary.

## 6. Regulatory Impact

6.1. The Department considers that, given the nature of the proposals, there will be no costs or no savings, or negligible costs or savings on business,

charities, social economy enterprises or the voluntary sector. A Regulatory Impact Assessment for the proposed SR is therefore unnecessary.

## 7. Financial Implications

7.1. The allocation for this Executive agreed and Department of Finance-led scheme has been increased by £2.2m to £10,030,00.00 from the original £7.8m set aside in December.

## 8. Section 24 of the Northern Ireland Act 1998

8.1. The Statutory Rule deals with the provision of financial assistance to airports and does not have any human rights implications, and is compatible with EU law and EU Exit commitments. The Statutory Rule is deemed to comply with the requirements of section 24 of the Northern Ireland Act 1998.

## 9. EU Implications

9.1. This Statutory Rule amends the Scheme which was put in place by The Financial Assistance (Coronavirus) (Airports) Regulations (Northern Ireland) 2020. To comply with State aid parameters the support was split into two separate and distinct packages. Package one support was delivered based on projected monthly losses covering the period from September 2020 to December 2020 (the end of the transitionary period). It was temporary and time-limited financial support to Belfast International Airport (BIA) of up to £1.9m and Belfast City Airport (BCA) of up to £2.1m based on losses figures submitted to the Department.

9.2. Package two covers the period January 2021 to March 2021. Package two follows the UK's international subsidy control commitments from 1 January 2021. In particular, this guidance details that subsidy providers must respect the six principles in Article 3.4 of the Chapter on Subsidy Control and also publish information about the subsidies they are awarding.

9.3. Package two is consistent with the six principles within and information on the scheme will be uploaded to the UK's transparency website within six months. Support will continue to be based on the projected losses submitted to the Department for the period January 2021 to March 2021 and be limited to a total spend of £10,030,00.00 across both packages.

## 10. Parity or Replicatory Measure

10.1. Not applicable.

## 11. Additional Information

11.1. Not applicable.