



Northern Ireland
Assembly

COMMITTEE FOR CULTURE, ARTS AND LEISURE

OFFICIAL REPORT

(Hansard)

Spending Plans

16 September 2010

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Barry McElduff (Chairperson)
Mr Declan O'Loan (Deputy Chairperson)
Lord Browne
Mr Thomas Burns
Mr Billy Leonard
Mr Kieran McCarthy
Mr Raymond McCartney
Mr David McClarty
Miss Michelle McIlveen
Mr Ken Robinson

Witnesses:

Mr Seamus McAleavy) NICVA
Ms Katrina Newell) New Lodge Arts
Mr Kevin Murphy) Voluntary Arts Ireland

The Chairperson (Mr McElduff):

I welcome Mr Seamus McAleavy, Ms Katrina Newell and Mr Kevin Murphy. Thank you for coming along.

Mr McAleavy (Northern Ireland Council for Voluntary Action):

I thank the Chairperson and the Committee for inviting us. The Committee has the two papers

that we sent: the Oxford Economics report, which was carried out for us, plus a short briefing from the Northern Ireland Council for Voluntary Action (NICVA). We are pleased to be here to talk about the difficult issue of public expenditure.

NICVA and the voluntary and community sector have been considering the issue for some time, certainly from the autumn 2008 when we realised the breadth and scale of the economic crisis that was hitting the UK, Ireland, Europe, the United States and was affecting most of the world's economy. We were alerted then to the scale of the crisis by the UK Government's intervention to put £500 billion into bank support in September 2008. As we found out later, the Bank of England had already quietly put quite a bit of money into the financial system then.

The Governments in the UK, Ireland, the US and the European Union eventually took a position to support the financial institutions and to move the cost of that on to their taxpayers and the national balance sheets of all the countries concerned. They had made their big decisions.

We watched carefully what was happening in the Republic of Ireland and the impact that the crisis was having there. We thought that something similar was likely to happen with UK expenditure, but that it was likely to be postponed until after the Westminster election. Our view was that, regardless of which of the parties won the election, there would likely be a change in policy direction. Therefore, when George Osborne published his Budget on 20 June 2010, it came as no big surprise to us.

We commissioned Oxford Economics to look at what it believed the impact of that Budget announcement was likely to have on public expenditure on Northern Ireland. It is an independent report: we asked Oxford Economics to carry it out. The commentary in the report is the view of Oxford Economics. However, we were interested in the numbers involved. Oxford Economics reported that it expects that our public expenditure would see an 8.4% reduction in real terms. We asked it to look at issues, including what the impact would be if health and education were ring-fenced. The report suggested that that would push the figure up to around 15%, followed by 22%. A 22% reduction would decimate the other Departments concerned.

We think that this is a serious issue. NICVA and our sector are interested on the impact on

Northern Ireland as a whole. We are particularly interested in the impact on people who are disadvantaged. Although middle-class people make the best use of public services, it is generally those who are most disadvantaged who need those services. A big shock to the services could impact and hurt the disadvantaged much more than the rest of the community.

NICVA is also interested in the impact on the voluntary and community sector in Northern Ireland. Government accounts for around 45% of the income of our sector. In the early days of the recession back in 2008, organisations that raised significant amounts of money associated with the private sector through fundraising were hit immediately. Other areas hit have been legacies. Bequests made in wills are generally quite significant and have been increasing. However, those are now decreasing. In a UK fundraising context — we have no figures for Northern Ireland alone — the contribution from the public, who tend to be most resilient and who are a major contributor of funds, has dropped by 11%. In the past two years, there has been, in general, severe pressure on all our sources of income.

Independent charitable trusts making money available to organisations account for around 10% of the spend of voluntary and community organisations in Northern Ireland and, therefore, those trusts are very significant players. A lot of them saw their asset base go down by 30% during the crisis. However, many were able to keep up the amount of money that they spent by having policies in place that flattened out their spending ability; and, in some cases, they found that their dividends were not as badly affected as the assets that they held. However, the Carnegie UK Trust, for example, saw the assets on its books fall in one year from £42 million to £28 million. A lot of trusts were hit to that extent.

For us, the next stage is what happens to public expenditure, which accounts for 45% of sector total income and, therefore, is very significant indeed. Most of our organisations are quite fragile, even the large ones, and do not necessarily have significant amounts of reserves. Some do, but that is not the norm. Therefore, organisations can be affected very quickly. When we get into dealing with the situation in a round of spending cuts, the hundreds of budget holders in the system will begin to make decisions based on the fact that they feel that they have less money to spend and have to decide what to do. Our fear is that it is the things that are regarded as peripheral that will get hit. Whatever the pressure is on Northern Ireland and on its public

expenditure as a whole, it could be much greater when it goes downstream to the voluntary and community organisations.

Most government money in the voluntary sector goes towards buying a very broad range of services. We have organisations involved in the delivery of health services, for example, through mental health community services; we have organisations such as the Public Initiative for the Prevention of Suicide and Self-Harm (PIPS), which is involved in suicide prevention. Those organisations get a proportion of their money from government. Therefore, we bring the other sources to bear as well and match quite a lot of that government money.

In the arts, a huge number of organisations are involved in community work. Some of them see themselves as primary arts organisations, and there are others that carry out arts activities as part of what they do. A large number of those organisations raise and spend their own money. However, government money accounts for around 23% of the income of organisations that are involved in arts activity.

With regard to this and other Committees, we say that your scrutiny role has become critically important. We are not asking that you protect the voluntary and community sector or treat us in a special way. We want you treat all organisations fairly and, where they provide good value for money and outcomes that are valuable and that the Executive and the Assembly want to see happen, that you make sure that they are not damaged by accident or as an unintended consequence. For us, it is very much about the priorities that the Assembly sets, where activities fit within those priorities and that the best return is got for the money.

In our sector, we freely accept that there are good organisations and not so good organisations. We do not take an ‘Animal Farm’ approach of “Four legs good, two legs bad”, and that everything is good. We are happy to be judged in relation to everything else, and that is the important thing.

I have brought along two colleagues, Kevin and Katrina, who are much more involved in the arts and can say a lot more about that. We are happy to take your questions. I will deal with the general stuff such as the Oxford paper and what NICVA has been saying. However, we would

also like to talk in some detail about what groups are involved in out there on the front line.

The Chairperson:

Thanks Seamus. The Committee heard from Voluntary Arts Ireland, Ashton Community Trust and New Lodge Arts in the past. Katrina was also before the Committee previously and made a good impact on its inquiry into funding for the arts.

Ms Katrina Newell (New Lodge Arts):

Thank you.

The Chairperson:

I also thank you and your organisation Kevin.

Mr Kevin Murphy (Voluntary Arts Ireland):

You are welcome.

The Chairperson:

I will now open the session up to questions from members.

Miss McIlveen:

I thank the witnesses for their presentation. Seamus, we had a conversation already on the paper and what is coming down the road in the form of cuts. What advice have you given to the groups in your organisation, or those that look to your organisation for advice, on good housekeeping and the way forward?

Mr McAleavy:

The key thing is that NICVA recognised that the problem existed two years ago and has done significant work on it. We met with community organisations, held seminars and conferences, and spoke to the head of the Civil Service about a year ago about the direction public expenditure is likely to go. Therefore, we did a great deal of preparation.

We told those organisations that it will take approximately a year a half until the recession

really starts to impact on them, as the public sector is generally impacted by a recession one year after the private sector. The public expenditure problem has been pushed before us, and to some extent we have been involved in a phoney war. Originally, I thought that public expenditure may have been impacted much earlier, but that impact has been delayed by the previous Government's willingness to borrow very large amounts of money. Indeed, the Chancellor injected £176 billion to keep the current account going.

We ran seminars on collaborative work between organisations, and we have asked them to consider outsourcing their back-office activities, where they can share services and make things less expensive. We also spoke to those organisations about mergers, which is a difficult thing in our sector as we are the last bastion of schism, and we normally split and go the other way. Two major mental health voluntary organisations — the Cedar Foundation and Action Mental Health — have just agreed a memorandum of understanding, and if it all that works its way through those organisations will merge. We are also looking at our own cost-effectiveness and how we get the best value for everyone's money, regardless of where it comes from.

Miss McIlveen:

Are groups being realistic and taking the issue seriously, or are they putting off addressing it for another six months as they have funding and are hopeful that they will get something at the very last minute?

Mr McAleavy:

Our organisations are ahead of the public at large, and we have given them enough information so that they understand the scale of the problem. The problem now is that people will have to begin making decisions about their organisations, and although they may recognise that the big picture is bad they may feel that it will not necessarily affect them. Therefore, there is always a tendency for people to think they will be OK and will survive, and I fear that things will be left to the last minute.

On the point I made about organisations being fragile; if those organisations do not know where they stand with regard to public money reasonably early, many of them will have to lay off quite a number of staff. That will be very difficult for them as they do not carry a great deal of

reserves, and it will be much more difficult for our sector than for the public sector.

However, I take the point that you have honed in on. The more that people see what things are going to be like, the quicker they will make real decisions.

Miss McIlveen:

There may be a perception from smaller groups that they will be swallowed up by larger groups and that some empire building will take place. How would you dispel that type of thinking?

Mr McAleavy:

That is always a difficulty. I have met 15 organisations privately. They have come to me for advice on mergers. At the initial stage, they want to keep the discussions private because they do not want to be seen either as potential predators or as being so weak that their organisations may be in danger. So, they want to keep it quiet. There are a lot of fears that the empire builders that you talk about might try to mop up other organisations.

In quite a number of areas, we will see organisations coming together, either through mergers or collaborative work and outsourcing. That will pick up as people begin to understand the individual threats to their organisation. One can see the big threat now, but one might not be able to see the individual ones.

Mr Leonard:

You are very welcome. Seamus, I apologise for rushing by you the other morning; I had another meeting deadline. An acknowledgement is not really good enough.

My question leads on from Michelle's. There are big concerns about community arts, which have been articulated. Many of us are equally concerned. I want to ask about the drilling down that will happen when the crunch comes and the idea in the report that there is a battle between bureaucracy and front line services. The issue is how much your sector will work with the Departments. I am not saying that the onus should always be on you, rather than Departments and ourselves. How much willingness is there to identify the front line service that has to be maintained at the expense of bureaucracy? When it comes down to the wire, will you engage?

The community arts question is somewhat similar, but with an added dimension. Last week, we said the public would regard saving a nurse's job as desirable, whereas saving jobs in community arts would not have the same resonance. I want to know your internal perspective on that, because a number of jobs are under threat. How do we get the public to perceive community arts as being something that is of value to workers and acts as glue in communities?

Mr McAleavy:

We employ around 30,000 people in the voluntary and community sector. Those people are spread across a large number of organisations, and a lot of them are under the radar and are not seen. In mental health, there is probably nearly 1,000 people working with Praxis, and there are hundreds of people who work with Action Mental Health and SEAR. So, there are a lot of people delivering very serious public services.

There is always a distortion of the sector in the public mind. An example of that is the headline in yesterday's 'The Irish News' for an article based on the Northern Ireland Audit Office report. I got a copy of that report, and it was extremely positive about the partnership between government and the voluntary and community sector and how the sector met the Executive's strategic objectives. Despite that, the 'The Irish News' ran a headline that there was about an £800 million bill for voluntary organisations. It was as if the money was just a dole out. Quite frankly, the journalists who wrote that did not seem to know what they were talking about.

The front line of the arts sector is in the community, but people worry that there is a technical definition of "front line" and that it only applies to those who work in the public sector. Our organisations see themselves as working on the front line. I will let Kevin and Katrina pick up on what organisations in the sector do.

Ms Katrina Newell (New Lodge Arts):

Community arts groups are really important, because they are working with young people and, in fact, everyone. This is about prevention. It is about trying to prevent some of the illnesses that might emerge later in life and reducing mental health issues by promoting drug awareness. For instance, we have delivered projects through working with PIPS and with families that have been

affected by suicide. We are working with children, and their parents, who are affected by autism. So, there are lots of projects, and lots of ways in which the arts can be used. In my experience, they are used more as a preventative measure.

Mr K Murphy:

There is a lady called Irene Kavanagh who has her own flower-arranging business in Lisnaskea. She tells the story that her business came about after she discovered a women's group in Lisnaskea, which led her to a voluntary arts group. Voluntary arts groups are the types of groups that operate in every community, such as the parish choir, the band or the photography club. The interesting thing about them is that they will probably still be here through the recession, because most of them are 30 or 40 years old. They are quite self-organising and self-sustaining, and they make a great contribution to a healthier civil society.

I am telling you about Irene because she went to the class and became passionate about flower arranging. She started to give some night classes and help to people, and she gave demonstrations. From that, she got some recommendations to do weddings and, from that, she developed a business. Obviously, we were not the only influence, but it is interesting to note that, if the pathways were not there, people might not notice such things in the first instance.

Whether we are thinking about nurses or jobs in the arts, we are asking the same question. I know that there is a perception that the arts are not real or robust or do not contribute to the economy and that we take dole outs, but, as Seamus said, 23% of the income for the arts is from statutory sources. That means that those groups generate around 75% of funding from other sources. In the case of the voluntary arts, much of that is generated from the pockets of people who pay for it. That comes from people across the board. It is true that people from middle-class backgrounds are twice as likely to engage with the arts, but a significant amount of people from lower income brackets do so too.

To answer your question about engaging, most of the groups that I have just described are at a grassroots level and have no concept of this. The likelihood of those groups engaging is one thing, but, as a sector, including the professional and voluntary sides, the infrastructure bodies are willing to engage.

Mr McAleavy:

We are not interested solely in the transactional relationship on the money between the public sector and our sector. Like the Committee, we have a wider interest in building the good society with some of the things that we talked about. The more activities in which communities can be involved, the better, generally, they will be in social capital and in the development of their neighbourhoods.

As regards the possible shock to the system if there is a big cut in the public money going into those organisations, we worry that if that happens by accident, because hundreds of budget holders will be under pressure to deal with their problems, damage will be done to the fabric of society. As Kevin said, many groups are not necessarily in receipt of public money. They raise and spend their own money, and Committee members, through their involvement in voluntary sporting organisations and with voluntary groups locally, will know the level of activity that goes on. It is about trying to take an overview that does not damage or cut the capacity of the sector so much that it rocks us back locally for the next 10 or 15 years.

Mr K Murphy:

If the investment is not made, one will notice the effect in time. It is an important investment, and although it may seem small, the impact can be large.

Mr O'Loan:

I share your criticism of yesterday's article in the 'The Irish News' about the funds given to the community and voluntary sector, and I see it repeated in today's edition as though that money were a waste of public resource. There is an article in today's 'The Irish News' from another prominent media commentator who criticises another group that gave evidence to the Committee last week; rejecting it outright. The article says that everyone has to plead their own cause and that they could all equally be rejected. Indeed, scrapping the bodies entirely seems to be the projected solution, and I thought that that was not a quality argument.

It is right that there is no point in every group claiming that it is special and asking that it be made a separate a distinct case. When I met you recently, Seamus, I was pleased and impressed

that you were not saying that but that you were up for serious strategic thinking in the context of serious cuts to the overall Budget.

I want to ask you something, therefore, about our budgetary process, such as it is. I think that it is not a good one. If there was sense in how we were going about things, we would first write a Programme for Government to establish our priorities and we would then sit down and decide how we could deliver those. However, once again, the two will be done, at best, in tandem, and Members will probably find themselves presented with two documents on their desks on the same day and be left with the feeling that we had very little input to the concept.

You talk about smart solutions, but how can there be smart solutions in the very tight time frame that pertains? Given the realities of the time frame, can you make any suggestions about how to improve our budgetary process?

Mr McAleavy:

That is a very difficult question, Declan. The first thing to say is that it is absolutely right to take a strategic approach. It is important that the Government have a programme and then decide what needs to be done to make that programme work. That is the right and recommended way to go about it, whether for Governments or for private organisations.

Over the years, I have talked a lot to senior civil servants and they have told me that — no reflection on the party that happens to be in power — it is remarkable how a spending review can build itself up; for instance a zero-based review can build things back up to where they were. We are not good at managing strategic change, and that is because it is a difficult process. My view and my worry, and I would rather not be right this time, is that, if the cuts are of the magnitude that I think they are going to be, one cannot operate a policy of just trimming around the edges, which is the way that things tended to be done in the past when we went for the salami slice approach of taking 3% off everybody.

To deliver the absolute best for people, it is a case of using one's resources. We know the important services, such as health and education, but the arts are important too. Achieving a balance is what is required. Big services have to be delivered by the public sector, and they have

to be given to people across Northern Ireland at the same time and without any postcode lotteries. However, there are things that our sector is very good at; for example, in areas such as community arts, where we are involving and are motivating people. We also deliver services in health that others cannot provide. For example, people who go to PIPS in connection with suicide awareness and prevention will say that the really big service they get from PIPS is that they are involved with people who have suffered the same losses, and that the most sympathetic person in the world may not necessarily connect with them in the same way. Therefore, there are services that we can provide.

There are lots of cases in which people do not want to talk to a state employee. Advice services are very much an area in which people may be wary of talking to somebody who has a statutory duty but would talk to our people in a much more open and frank way. Older people and pensioners are often like that, which is why they do not claim the benefits to which they are entitled. There are lots of things that we can do.

When it comes to cutting our cloth to suit, I think that smart solutions have to be able to get the best possible delivery mechanisms to achieve the real targets that are being set. I am not in the business of saying that one should cut this, or that it would be better to do that. Everything has to be compared. When one decides to spend money on one thing, one has to compare it to another to see whether it is of bigger priority or better value. If one makes decisions on that basis, there is a far better chance that one will do things well rather than do them badly. However, trimming back is the worst possible thing that can be done.

Ms Newell:

A lot of the very small organisations working in the community already work as “smart” as possible and in collaboration and partnership with a lot of other organisations to bring resources into the community. For instance, we work with Prime Cut, which can bring in programmes to deliver to the young people with whom we work. This is of benefit, and last year we levered in around £70,000 worth of programmes that could be provided through partnership working. However, if cuts are made across the board, that will have a big impact on the small organisations.

Mr McAleavy:

I have been involved in a number of recession summits with government representatives and lead voluntary organisations in England. At one of those summits, a leading academic told me that when he considered the past and the figures, he found that the voluntary sector works in permanent recession. In the good times, voluntary organisations must scrimp and scrape and worry about where the money is coming from. Therefore, our organisations are used to being lean and, quite often, living on the edge.

Mr K Robinson:

Although the organisations have always been lean, the difficulty as the money gets tighter is that they may also become mean and turn on one other. How can you manage that process and prevent the fragmentation of the sector, where everyone is scrambling after a smaller slice?

Mr McAleavy:

That is a key point Ken. Those of us who have worked in the sector during previous hard times have seen those situations developing, and it can get very ugly. What happens is that organisations become more precious with their information and funding sources, and will not share them. That type of activity occurs as people begin to look after number one, and it is not a good thing.

NICVA tries to make everything that it has available to everyone else. For example, we run the grant tracker system, which has over 1,000 funding sources, and all that information is put on the website so that everyone can access it. Trying to get people to behave in a decent way is very important, but it is difficult and there is no doubt that tightened circumstances turn many people ugly.

Mr K Robinson:

Is there any way in which your organisation could address that problem before it emerges?

Mr McAleavy:

In all of the discussions we have had, we have been telling people they should not simply think of their own interests. We have stressed the need for them to consider collaborating with others and

putting their missions first. We have high ideals: however, sometimes we do not measure up to them and we must try to remind people of that.

Mr K Murphy:

I would like to speak up for Seamus's organisation, because what it has done with information is incredibly important. Those who turn up to the meetings are, at least, informed, which would not have been the case if NICVA had not undertaken that work.

I am from Derry and I was involved in the UK City of Culture bid. Through that work, I noticed that when people have a focus that is bigger than their individual self-interests it enables them to get round those and find very interesting solutions that were not there before. Of course, the focus of the cuts is negative, which is not very inspirational. So, one might think about some way of talking about the cuts. Obviously, we must be practical and pragmatic about the cuts, but perhaps there is a way of us galvanising together, realising that the cuts are a problem that we all share and think about how best to face them together. Perhaps your structures can allow for more of that to happen in some way. However, the moment that the UK City of Culture was thrown into the frame in Derry, everyone began collaborating and finding solutions together and being proactive, despite the fact that they were as broke as ever.

Mr McCartney:

Thank you for your presentation, Seamus. I have two questions. First, what is the current status of the paper? Is this the template through which you will approach the next six months, or is it simply a guide?

Mr McAleavy:

We independently commissioned the paper, and Oxford Economics wrote it. Its purpose for us and our sector was to get some understanding of the numbers and find out the likely scale of the problem. What is done afterwards is up to us, yourselves, and others. As Kevin said, we are society's optimists. We have spread the doom and gloom and have told people the size of the problem. We want them to think about what they will do going forward. That is the key issue. The report says that they should not be caught not understanding what might be coming.

Mr McCartney:

With respect to paragraph 4.1 of your paper, does the equality impact assessment cover most of that, or will something need to be done in addition?

Mr McAleavy:

We want to have a session with the Equality Commission to look at the issues of section 75. Lots of people have asked me about that. Section 75 will not deal with everything. It will not deal with the quantum of money that is available. It is very important to look at the balance of pain and where it falls. So often, that is not built in and is not dealt with adequately. I have talked about the unintended consequences and the pain that is caused by people who do not realise what they are doing. Disadvantaged people tend to be hit harder. Paragraph 4.1 says that the level of scrutiny is important, certainly from the Committee. NICVA and many other organisations will start to do that.

Mr McCartney:

Should that be added to the equality impact assessment?

Mr McAleavy:

Yes.

Mr Burns:

Everyone here recognises the tremendous work done by NICVA. There are very tough times ahead. I come from the community sector, and I know how those groups have lived from hand to mouth and have struggled with running costs. None of them wants to make anybody redundant. However, lots of them will need to come to you for advice. It is far better for the groups to make cuts early rather than go down the road of nearly becoming bankrupt? I fear that a lot of them are unable mentally to make people redundant. They leave it too late and end up in an awful financial position.

Mr McAleavy:

Not all organisations will react in the same way. Generally, individual organisations in our sector move very quickly because they understand the difficulties and peril that they face. When we

talk about 4,500 voluntary and community organisations, people often feel that there are too many of them and that they should be merged. It must be remembered that not all of them are in receipt of public money. As I said, the majority of public money goes to organisations that deliver services, and achieving economies and efficiencies in that area can be considered.

The smaller community organisations that might not have a lot of money, or that raise and spend their own money will get by. They will work on. Groups in our sector have redundancies all the time, and organisations are born and die all the time. We have ended pension schemes in 30 organisations because those schemes threatened their existence. Although the organisations did not want to do that, they moved very quickly because, if the schemes had been maintained, it is likely that they would have become bankrupt. The hole in the pension scheme, as in all private pension schemes, was just getting bigger.

Some organisations agree their own pay cuts and pay freezes. Generally, they are fairly fleet of foot. In some areas, they may decide not to struggle with certain work and arrange to pass it to another organisation. That will start to happen as people try to pass work to organisations that are more sustainable. The situation is very difficult, and nobody wants to make the decisions on redundancies that Thomas mentioned; it is the last thing that they want to do. However, in our sector, the phrase “have to” has been a good master.

Ms Newell:

As Seamus says, a lot of the small groups will keep going. For instance, the New Lodge Arts group got its first core funding from the Arts Council this year. We have managed. We did the calculations early. In the apportionment of the previous year, it represents just 5% of the total programme project costs that we have delivered. So, we are always looking for other means of bringing in resources, whether that is through trusts and foundations, banks or anything else.

We also talked about collaboration, working together and people holding onto their own small pieces. As Kevin said, one looks at the bigger picture. For us, it is looking across north Belfast. We are all about a community and the area. We are pooling our resources. We are delivering a programme that is three times bigger than we could deliver on our own, because other people have the same objectives as us. There needs to be more of that. I do not think that it is done as

successfully as —

Ms McAleavy:

Your reach is bigger than New Lodge.

Ms Newell:

Our reach is north Belfast now, because more people are coming to us and wanting to do things. It is fantastic, but the difficulty is that the organisation is still working with the same small human resource capacity.

Mr K Murphy:

Voluntary Arts spans the British Isles, and we have offices in different parts of the UK. I have noticed that England, specifically, seems to have the capacity. I think that that is partly because of the situation and the timeline that Declan referred to. We get such little notice, and that is often difficult to deal with. In a way we are being asked to plan effectively, but we do not have the information with which to do so. The Arts Council and groups in England are given 18 months, and they are told percentages and given a path. They are being clear and open about it. I think that that would be healthy, but, I appreciate that it is a big challenge for the Department, because of the way in which things are constructed in Northern Ireland. We would be able to plan more effectively if we received the information earlier.

Mr McCartney:

Have you done any work on the cost of bureaucracy? I worked in the sector for a number of years, and I know that complaints about the large amount of bureaucracy around the verification of grants proceeding, etc, are common.

Mr McAleavy:

An organisation in east Belfast looked at a project and reckoned that 30% of the total cost was spent on the monitoring and reporting. That is scandalous. We have been pushing that issue for a long while with the Department of Finance and Personnel, the Department for Social Development and the Audit Office. That was the big thing in the Audit Office report yesterday. You will not normally see the Audit Office say that there is a need to cut bureaucracy, but that is

what it said. We are not dodging the need to account for public money. Public money has to be accounted for. However, if that runs to 30% of the cost, it is madness. The money needs to be going into the front line.

The problem is that so many of the reporting mechanisms have been vague, the goalposts have been moved and there is an obsession with the vouching side of it. There have to be receipts to cover every single thing, and rarely does it look at the value for money. I have told senior people that the processes could not work out the difference between a good organisation and a bad one. That is a bad state of affairs. We could save a fortune and be more effective if bureaucracy were trimmed; there is no doubt about that.

The Chairperson:

Thank you for attending this morning's meeting.