



Northern Ireland  
Assembly

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**COMMITTEE  
FOR THE OFFICE OF THE  
FIRST MINISTER AND DEPUTY  
FIRST MINISTER**

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**OFFICIAL REPORT  
(Hansard)**

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**European Issues: Evidence Session with  
the Special EU Programmes Body**

3 November 2010

**NORTHERN IRELAND ASSEMBLY**

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FOR THE OFFICE OF THE FIRST MINISTER AND  
DEPUTY FIRST MINISTER**

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European Issues: Evidence Session with the Special EU  
Programmes Body

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3 November 2010

**Members present for all or part of the proceedings:**

Mr Tom Elliott (Chairperson)  
Dr Stephen Farry (Deputy Chairperson)  
Mr Allan Bresland  
Mr William Humphrey  
Mrs Dolores Kelly  
Mr Francie Molloy  
Mr Jimmy Spratt

**Witnesses:**

Mr Pat Colgan )  
Mr Shaun Henry ) Special EU Programmes Body  
Mr Howard Keery )

**The Chairperson (Mr Elliott):**

I welcome Pat Colgan, Shaun Henry and Howard Keery from the Special EU Programmes Body (SEUPB).

**Mr Pat Colgan (Special EU Programmes Body):**

As always, it is a privilege and an honour to come before the Committee to present information about the work of the SEUPB. The Peace programme, for which the Office of the First Minister

and deputy First Minister (OFMDFM) is the lead Department, will be of direct interest to the Committee. In our briefing paper, we also provide information on the INTERREG IVa programme. We are happy to answer questions and provide additional or supplementary information. I am happy to talk through the issues. The briefing paper provides an update on the physical implementation of the programme so that you can have some sense of our levels of activity and commitment. Both programmes are progressing well. Significant progress has been made on implementation and commitment of the Peace programme. I would say the same about INTERREG IVa, although it is not without its difficulties.

Would members like me to work through the briefing paper? I am also happy to take questions, or whichever way you would like to handle it.

**The Chairperson:**

It would be helpful, Pat, to give us a brief outline of the paper, after which members can ask questions.

**Mr Colgan:**

There has been a high level of interest in the Peace III programme. More than 387 applications have been received to date. Of those applications, 117 have been issued with letters of offer. The total value of those letters of offer is just over €180 million. For clarity: we work in euros. We sometimes talk in pounds, but the information that we provide is generally in euros. A further six applications have been approved and are awaiting letters of offer, and another 65 have been processed. Of all the applications, about 51%, or 199, have been rejected or withdrawn. That is not an unusual ratio in programmes of this nature; a ratio of 1:1 is usual.

The programme has various priority areas and themes. Theme 1.1 is divided into two parts. Building positive relations at the local level is principally the work of the local authority cluster groups in Northern Ireland and Belfast City Council and the six local-authority-led partnership groups in the six border counties. To date, there have been 14 letters of offer in that programme. The total value allocated to that part of programme is €100 million, just under €50 million of which has already been committed and is being spent as we speak. Most of it will be spent before the end of this year, and the remainder will be spent before March 2011.

We have now made significant progress in moving into phase II of that part of the programme,

which is submissions by the cluster groups and the local-authority-led partnership groups of their phase II applications to absorb the remaining €50 million of the programme. Those applications have been received and are being assessed. We look forward to letters of offer being issued for phase II of those local authority plans in early 2011, before the spring. We will then be in a position in which €100 million for that part of the programme is committed to local authority work.

It was extremely difficult to get local authority cluster groups together. Those of you who were involved at the beginning of the programme will remember how difficult it was. There were legal and administrative issues and problems in getting the partnership groups together. However, it has worked out and they have come together, so much so that they unanimously decided that they want to continue in the same configuration as previously in relation to phase II. We have to pay a particular compliment to the elected representatives, the officials and the personnel involved in the secretariats of the various groups for their work and the co-operation that my staff received in order to make everything happen. It is a good news story, although it has not been without its problems and difficulties. I am happy to hear any observations that you may wish to make.

The second part of theme 1.1 concerns regional projects. There are 22 regional projects aimed at building positive relations at the local level. The total value of letters of offer issued in relation to that is €26.1 million. Regional projects that are working well are being implemented as we speak, although not without the difficulties that one would normally expect in programmes of this type.

Theme 1.2, which deals with acknowledging and dealing with the past, is, as the Committee knows, the part of the programme that is dedicated to working with victims and survivors of the conflict. To date, 57 letters of offer have been issued to a value of just over €24 million. The total allocation is €50 million, so some €26 million remains to be committed. We have just completed a review of the work of that part of the programme, and we are considering how we might proceed with the rest of the programme to allocate the remaining money, learning from the lessons of the first part. Work is being done on our behalf by the only implementing body involved in the programme, the consortium of the Community Relations Council and Pobal.

In priority 2, there are two significant themes. Theme 2.1 concerns creating shared public

spaces; as members know, part of the problem is reclaiming or transforming physical areas of our community to create a shared space. The more well-known projects include the Peace Bridge in Derry/Londonderry and the Skainos project in Belfast, which is at the interface at the bottom of the Newtownards Road. There are a number of other projects, including those in Clones and Cavan. Nine letters of offer have been issued, and the total value of the commitment is €52.7 million.

Theme 2.2 concerns key institutional capacities. To be honest, it has been difficult to generate quality applications for that part of the programme. We had a good number of applications, but we ended up with 11 letters of offer committed at the moment. Of the €40 million in the programme for that theme, €10.6 million has been committed to date.

That is the overall picture of the Peace programme and where we stand. In relation to where we are going with the programme, please remember that it runs until 2013, and we have a further two years in which to continue to spend the moneys, so we have 2011, 2012, 2013, 2014 and 2015 — five years — within which to commit and spend the rest of the money for the remainder of the programme period. I am confident that we will be able to do that, although it will not be without its challenges. We have already received the phase II action plan from the local-authority-based clusters and partnership groups.

In the regional theme 1.1, a call was opened on 1 October for expressions of interest, which closed on 25 October. Full applications are to be received by 17 January 2011. Therefore, that part of the programme is open again.

For theme 1.2, we conducted a review, as I said, and we are discussing with key stakeholders and the implementers how to take forward that part of the programme.

Theme 2.1 was also opened on 1 October 2010, and we will have full applications in by mid-January 2011.

Theme 2.2 opened on 1 October for expressions of interest, and full applications are due in by mid-January 2011. The programme is continuing to elicit more applications, and, over the next 12 months or so, we look forward to committing the rest of the programme fully and engaging in the business of monitoring. That is basically the Peace programme.

I now turn to INTERREG. I know that OFMDFM is not the accountable Department for INTERREG, but we are happy to provide any information or answer members' questions. We had 222 applications, and the total value of the programme is €256 million, compared with the Peace programme, which is €336 million. Between the two programmes, we are talking about a total pot of just under €600 million for the region. In INTERREG, we have had 33 letters of offer to date worth €114.6 million. A further 14 applications have been approved and are awaiting letters of offer to be issued; 50 are in the process of assessment; 73 have been rejected; and 52 have been withdrawn. As in the Peace programme, we have approximately a 1:1 match between rejections and withdrawals.

I will take you through the various themes. Theme 1.1 concerns enterprise and is divided into two sub-themes: business support, infrastructure and networking, and creative industries. With respect to the first, nine letters of offer have been issued, and, to the second, a focused call was opened in June 2010 and closed in August 2010, by which time nine applications had been received, of which five are being processed and are on the table, and four have been withdrawn.

Two significant projects under theme 1.2 — tourism — have received letters of offer to a total value of €11 million. The total value of the tourism element of the programme is €30 million, with just one third committed to date. We have 13 additional applications on the table that are being processed, 16 of which have been rejected, and eight have been withdrawn.

In theme 2.1 — collaboration — there is a total allocation of €65 million. There are three principal sub-themes in 2.1: health and social care, rural development, and public sector collaboration. The health and social care part of the programme is dedicated specifically to co-operation in the areas of primary healthcare and the development of healthcare services in the region. The two Health Departments are carrying that work forward. The project is called Cooperation and Working Together (CAWT), and its total value is €30 million. That work is ongoing and making good progress. In relation to rural development, we have received 16 applications to date, of which one has been approved by steering committee, four have been referred, and eight have been rejected. The remaining three applications will be considered by steering committee in December 2010. The public sector collaboration element is ongoing. It also covers the costs of the work that the cross-border groups are doing in the area.

Theme 2.2, which deals with infrastructure, covers issues such as the telecommunications projects with which we have been involved, the upgrading and development of transport networks and issues relating to the environment and energy. From the environment sub-theme of 2.2, seven applications have been approved and 13 rejected to date. From the energy sub-theme, two projects have been issued with letters of offer, totalling €7.75 million.

In relation to roads and transport, there is an application on the table from the Department for Regional Development and the National Roads Authority, which is being processed. I believe that the letter of offer has just been finished; I remember signing it yesterday. That has a total value of €4.5 million for roads along the border. On the telecommunications side, everybody in this room will be familiar with Project Kelvin, which was one of the strategic projects in the programme, with a total value of €30 million. That has been fully implemented, and the money has been spent at this stage. I believe that Project Kelvin is, or should be, almost fully operational.

We have until 2015 to spend out the programme, and we see ourselves committing the remainder of the programme over the next 12 months or so. In relation to theme 1.1, which deals with business support and infrastructure, we have been putting in place project development support initiatives to help people with their applications. That takes the form of workshops for people who are considering making applications to the programme, where we can share with them the lessons learned to date and the difficulties experienced and give them some advice about how to go about it. One such workshop was held today; I believe that there were over 60 participants, and SEUPB staff engaged with those people and fed back to them the lessons learned about how we might improve the quality of the applications for the enterprise element of the programme.

In theme 1.2, which concerns the tourism initiative, we will hold a similar workshop on 13 January 2011 and engage with potential project applicants to help them with their preparation for putting bids into the programme. On theme 2.1, we will have a workshop in March 2011 in preparation for opening the application process again in early April 2011. On theme 2.2, assessment work is being carried out on the sub-themes. No future calls are planned as yet.

That is where things stand with both programmes. None of the work is without difficulties, but it is progressing well. I can inform the Committee that, in relation to spend and targets for

expenditure, N+2 targets have been met for both programmes already. The Committee may be aware that there was a simplification of the regulatory requirements for N+2 to take account of the difficult economic circumstances. That has resulted in a reduction in the level of targets required for N+2 for most programmes across Europe. It basically means postponing the achievement of the rest of the targets until later in the programme. We have stuck to the original higher targets of N+2 and have met, or will meet, all those targets for the Peace programme and INTERREG. As I said, we have already met our N+2 targets and are now want to push towards the achievement of our higher business plan target. The programme is presenting its difficulties, but we expect to achieve that target by 95% or 98% at the very least in the current year. There is no threat to any money in either programme.

**The Chairperson:**

Thank you very much, Pat. Are the funding opportunities through across border mechanisms — I am thinking particularly of the Irish Central Border Area Network (ICBAN) — part of INTERREG or the Peace programme?

**Mr Colgan:**

INTERREG.

**The Chairperson:**

There seem to be significant delays in some of that funding coming forward, even though the bodies indicated that all the criteria have been met. Can you give us an explanation for those delays? I am not a member of Fermanagh District Council any longer so I can speak without declaring an interest. I have been lobbied by Fermanagh District Council and Omagh District Council about some projects that have experienced significant delays. To be fair, I understand that the problems are not all the responsibility of the SEUPB, but an explanation would be useful.

**Mr Colgan:**

I am sure that every Committee member has been lobbied, approached or engaged with about multi-annual plans. I will give you a brief summary of what those plans are and where we are with them.

The five cross-border groups — ICBAN, the East Border Region Committee, the North West Region Cross Border Group, the North East Partnership and the Councils of the Metropolitan

Area (COMET) — all submitted multi-annual plans at the beginning of the programme period. Those plans contained references to 61 projects. A letter of approval was issued as a framework letter of offer for the five multi-annual plans, with a stipulation that each component part of the plans would need to go for separate assessment to meet full green book standards for economic appraisal and value for money.

There are a number of steps involved in that process. In particular, we engage with the relevant accountable Department that is responsible for the particular sector policy area. For example, the Department of Enterprise, Trade and Investment (DETI) is the accountable Department for enterprise, tourism and energy. For roads, the Department for Regional Development is responsible in Northern Ireland and the Department of Transport is responsible in the South. Therefore, we engage with the relevant accountable Department —

**The Chairperson:**

Is that on an individual application basis, or is it in the overall plan?

**Mr Colgan:**

Each individual application has to receive the approval of the relevant accountable Department, because it is responsible for putting up 25 % of the required match funding; we get 75% from the European regional development fund (ERDF) and 25% match funding from the relevant accountable Department. Equally, the relevant Departments cash-flow the ERDF element of the funding. Therefore, the cash flow that helps us to finance the ERDF comes from the relevant accountable Department. We claim the money back from the Commission once the expenditure has occurred, and the money goes back into the system. Therefore, Departments have a significant responsibility and are accountable in the expenditure of those moneys.

The process involves us receiving detailed applications, assessing them, putting them through accountable Departments and ensuring that they reach their standards, commissioning — where necessary — economic appraisals and value-for-money assessments and submitting the applications to a steering committee for the final decision-making part of the programme.

Decision-making is ultimately the responsibility of a steering committee, but it cannot take a decision if the accountable Departments have not had an opportunity to state their views on the commitment of the moneys. There are a number of issues that fit with the programme but also

generally fit with other policy areas in Northern Ireland and the border counties. That process has been difficult. Cross-border groups are being asked to do something that they did not have to do in previous programmes, which is to bid for moneys in a competitive way.

The total value of the 61 projects in the five cross-border programmes was €60 million. That was the amount allocated in the programmes for the five cross-border groups. By the end of this year, we will have approved or issued letters of offer for approximately €30 million of that, so about 50% is committed. We have the remaining period of the programme — the next five years — to commit the remaining €30 million. It is our commitment to work with the cross-border groups to assist them in absorbing all the money that was earmarked for them in the programme. It is our commitment to ensure that the full €60 million will go to the local cross-border groups.

**The Chairperson:**

The money will not go to them if there is a delay in the applications being processed. In short, what is the problem that is causing the delay, and what is the average timescale for processing each application?

**Mr Colgan:**

It varies; much of it has to do with the quality of an application. Our steering committee, joint technical secretariat and the accountable Departments have had significant difficulty in approving some projects because of the poor quality of the applications. The quality of bids is the nub of the issue. Once bids of a sufficient standard are in the system, they work their way through the approval process. It takes time to meet all the requirements of each accountable Department.

**The Chairperson:**

What is the average timescale?

**Mr Colgan:**

It varies.

**The Chairperson:**

I know that it varies, but, in broad terms, what is the timescale?

**Mr Colgan:**

The shortest time is between five and six months; the longest time is between 18 months and two years. That relates directly to the quality of applications and to meeting the requirements of the accountable Department.

**The Chairperson:**

I doubt that 18 months is the longest time.

**Mr Colgan:**

I said between 18 months and two years.

**The Chairperson:**

There has been discussion about an application to the European Union for €20 million for the Maze/Long Kesh site, although I am not sure whether that application was made through the SEUPB. Is that application within your remit? Has it met the criteria? It has been suggested that that level of funding should require a site identification process.

**Mr Colgan:**

I am aware that an expression of interest has been received in the current invitation for applications for a project at the Maze/Long Kesh. I do not have the full value of what that application will amount to because it is being built up at the moment. However, I have heard people mention the figure of €20 million. That has been signalled to us, but no decisions have been taken. We do not yet have a formal application on the table. The closing date for applications is 17 January 2011. People involved in that project have been engaging with my staff in the expression-of-interest process and in preparing a possible bid to the programme. Any technical issues around site identification would have to be dealt with in a robust evaluation of any application.

**The Chairperson:**

Would such an application be submitted to you?

**Mr Colgan:**

It would be submitted to the programme and, like any other application, be assessed by our joint technical secretariat; it would then go to the relevant accountable Department for its views and

for agreement for the commitment of moneys before eventually going to a steering committee for a final decision.

In order that everyone be absolutely clear on the matter, neither my staff nor I take a decision on any project; all decisions on the commitment of moneys under both our programmes are taken by a steering committee that comprise elected representatives, representatives of statutory agencies in various policy sectors and members of organisations in the social partnership groups. It is a wide-ranging group. Decisions on the commitment of moneys are out of our hands; we manage the processes and procedures, but the decisions are taken by steering committee.

**Mrs D Kelly:**

I welcome the witnesses to the Committee. I declare an interest as a member of Craigavon Borough Council and of the East Border Region INTERREG IVa Partnership. I will probably pick up, Pat, where the Chairperson left off, because I hear a different account from the one that you gave on delays. I also understand that the quality of some partnerships is more advanced than others, so your criticism was not generic; however, a two-year delay is unacceptable. I have also tabled written and oral questions on the issue. There is some finger pointing between the INTERREG partnerships, the Department of Finance and Personnel (DFP) and the SEUPB about where the difficulties and blame might lie.

However, at a time of recession, it is in all our interests to get that money out. Paragraph 2.2a of your briefing paper states that a steering committee convened on 1 and 2 July 2010, and seven applications were approved. However, the letters of offer have not yet been sent out, and it is now November. That is a straightforward delay of three to four months. I know that the summer months come out of that, but many of the projects are about people getting jobs or firms staying in business. Furthermore, if there is such a high failure rate of applications, how are the SEUPB or the other sponsoring or intermediary bodies addressing that to ensure that there is good, accurate and timely information so that people do not waste their time?

Furthermore, how much money has been spent on consultants? I have also heard the criticism — not necessarily about consultants — that the SEUPB, Europe or whoever changes the rules, and, subsequently, the criteria change. People and organisations seem to have to jump through more and more hoops, and one assessment is not deemed sufficient. Is there an opportunity to streamline aspects of the application process so that, if the Department of Finance and Personnel

says that it is good enough, it is good enough? Does everybody have to tick the right box, or will one organisation's or Department's assessment be sufficient to meet the needs of all the other interested parties?

When did the round of money start? You said that we have until 2015, but judging by how slow the process has been to date, people are concerned that we will run into difficulties. There is also the perennial problem of match funding by Departments. Perhaps you could address some of those points.

**Mr Colgan:**

I am happy to address those points. You mentioned DFP; however, DETI is accountable for the larger portion of the INTERREG programme and for cross-border groups, particularly for enterprise and tourism, which account for the largest allocations. DFP is the accountable Department for the collaboration element of the programme. We engaged with the cross-border partnership groups, and we listened to their points. I fed back their frustrations and concerns about delays to the relevant accountable Departments, and we have considered those issues. There is a significant problem with quality, and, as you said, it is unequal across the five cross-border groups. Some of the groups have enhanced the quality of their applications, but others still seem to have a long way to go.

You asked what the SEUPB is doing to help people and organisations with the quality of their applications. In my presentation, I mentioned that we are engaging proactively with applicants, based on our experience, to help them in the preparation process through development workshops. Today alone, there are 60 people in a hotel in Belfast going through that process and asking how they can improve their applications. They are being assisted in that process.

In many of those projects, my staff worked on an iterative basis with the cross-border partnership groups to try to "fix" them, to make them acceptable and to get them up to the right standard. At the outset, we could have taken the position to reject them out of hand, but we decided that we would get involved with them. However, we cannot continue to do that. It is not sustainable because of the resources that it soaks up and the commitment that is involved. Therefore, I informed the partnership groups that we will take a position based on an application as it is submitted, and, if it is not acceptable, we will simply send it back and say that we cannot take it any further because we do not have the resources or the time. As you rightly said, that

constant back-and-forth iteration is frustrating for everybody.

In the approval process, I am governed by a number of legal and regulatory requirements. Principally, in Northern Ireland, it is the green book standard of approval and managing public moneys, and I have to meet all its standards. Equally, I have to meet the demanding standards of how moneys are spent and committed that I know will be set by the European Court of Auditors, as do the various directorates-general of the Commission. I have a similar set of standards to meet for Irish Departments. It is our responsibility and duty to make sure that all those standards are met.

As I have said many times at this Committee and at many others, European money is not easy money of which one can easily take advantage. There are high standards for eligibility to avail oneself of European money, which are not particularly appropriate for the quick, innovative, flexible interventions that we would all like to provide in the current economic climate. The system simply does not have that level of flexibility. It is suited to the longer-term strategic planning of projects, and, in that sense, the type of work that we undertake in both programmes meets those standards. It is important to remember that there are some significant projects that will have an impact here.

We are conscious of the frustrations of the cross-border groups. I have made the point that half of the moneys that are allocated to them will have been committed and on the table before the end of this year. We are engaging with the Northern Ireland Statistics and Research Agency (NISRA) to help us to take an independent external view of the process, to critique it and to come up with recommendations or suggestions about how we might improve. I constantly engage with Departments here to review what exactly we do with procedures and processes. We can do no more than that.

**Mrs D Kelly:**

Do I detect that DETI is presenting turnaround difficulties with enterprise and tourism projects?

**Mr Colgan:**

I wanted to make the point that DETI is accountable for some 60% of the programme, which is a large proportion of the programme that goes through the cross-border groups, so it is the principal accountable Department. DFP has a role with the collaboration theme. You had mentioned only

DFP, but DETI and other Departments and bodies are also involved. I do not mean to single out a Department.

**Mr Bresland:**

You are all welcome. My question is about Peace III. Some 387 applications have been received, and 117 letters of offer issued. How well do they reflect the community?

**Mr Colgan:**

I think that you are aware that the SEUPB is very conscious of that issue, and we have engaged with you personally. We have significant activities in place to retail the process proactively to those parts of the community that traditionally have not been proactive about making applications to the programme. We reach out and help them to engage with us.

We are about to undertake a detailed analysis of the level of community uptake. As you know, we have done that in the past, and we published a report that states exactly how much of the programme is being availed of by the various communities. Such an analysis will be made before the end of the year, and we will make it available to you. Our feeling is that we have a healthy uptake from each of the two principal communities. Howard and Shaun might want to comment on that. Obviously, we keep a careful eye on the issue. As I said, we are committed to reaching out proactively to those parts of the community that may traditionally not have benefited from the programme.

**Mr Humphrey:**

Gentlemen, you are very welcome, and thank you for your presentation. I will carry on the topic of my colleague's question. You spoke of a healthy uptake, but you were talking about a healthy uptake of applicants and applications submitted. Does that healthy uptake manifest itself in those who are successfully awarded money? Are you confident of that?

**Mr Colgan:**

We have not yet undertaken the formal community uptake analysis of both programmes. As I said, we are about to do that. We were not in a position to do so for Peace III before now because there was not enough data or material for us to work on. We did an initial review this year, but it gave us only geographical information that is not necessarily representative of the uptake by communities. A lead partner having an address in a certain location does not necessarily mean

much. I feel, generally, that the uptake is good, but I will not know for sure until we undertake a formal analysis. When the analysis is done, we will make it available to the Committee.

**Mr Humphrey:**

The SEUPB needs to monitor closely the comparatively low participation rate by the Protestant/unionist community in Peace I and Peace II, and you say that you will do a detailed analysis of that. Are you more confident that the Protestant/unionist community and its organisations are engaging better in the programme? Engagement is fine, but, as Mrs Kelly said, money must be committed. An improvement in the number of applications is good, but we need to see the money being delivered. There has been a lack of capacity in the Protestant/unionist community; the infrastructure has been lacking. Therefore, the number of quality applications to unlock money for communities is crucial.

**Mr Colgan:**

I fully accept and agree with that. You will be aware, William, that we have undertaken community uptake analysis for some years, during which time we have seen positive movement. As a result of our analysis, we have put in place strong, proactive outreach initiatives, in which you, Allan Bresland and several other Committee members have been involved. We are committed to such initiatives. My colleague Howard Keery spends a good deal of his time working with groups to ensure that they understand how to access the programme and that they are given every facility and help to ensure that they can do so meaningfully.

It is not easy; it is a challenging process. The programme's criteria are demanding, and the bar is high. However, the groups with which we have engaged have made every effort to meet the programme's standards, and I am encouraged by the results. I have more formal analysis and statistical information.

**Mr Humphrey:**

It is crucial that, in the interests of shared space, equality, inclusivity and community confidence, we have the detailed analysis that you mention. The Committee is keen to see that analysis as soon as possible.

**Mr Colgan:**

Having done several such analyses in the past, we can now see trend analysis. We did not have

sufficient data to do an analysis up to the present; however, now we do have data on which to base a meaningful analysis, and we are about to engage on that. As with all such analyses, we will make it available to the relevant Departments and to Assembly Committees.

**Mr Humphrey:**

As a new member, I am keen to see your statistics.

**Mr Colgan:**

Would you like to see some of the previous reports?

**Mr Humphrey:**

Absolutely.

**Mr Colgan:**

We would be happy to provide them.

**The Chairperson:**

It might be useful to send them to the Committee.

**Mr Colgan:**

You will see the new report when it comes out.

**Mr Humphrey:**

You talked about committing moneys. The Chairperson and Mrs Kelly pointed out the difficulty in delivering and distributing money in the community. If money is not distributed, is there a danger that we may lose it?

I have a question about INTERREG. Can moneys that are not spent in one area be transferred to another? We can consider tourism in particular and the impact that it has on the Northern Ireland economy. I declare an interest as a member of Belfast City Council. Five or 10 years ago, 9.3 million people were visiting Belfast, there was a spend of £455 million, and some 10,000 people were employed full time in the tourism and hospitality industry. That is the import of tourism to Belfast as the economic and transportation driver for Northern Ireland as a UK region. The issue is hugely important, and I want clarity that that money can be transferred if it is not

utilised fully in other areas.

**Mr Colgan:**

In relation to the risk of losing money, we have never yet de-committed any money under Peace I, Peace II, Peace III or any of the INTERREG programmes. I have been in this job for seven years, and we have never yet missed an N+2 target and have never had to give money back to the Commission, which is what we would have to do, or at least the moneys would not be committed to us. We do not intend to start doing that now.

**The Chairperson:**

Is that anything to do with creative utilisation?

**Mr Colgan:**

It is to do with management.

**The Chairperson:**

Same thing.

**Mr Colgan:**

It is to do with managing the programmes' objectives and targets and ensuring that the money is spent for the purposes for which it was intended.

**The Chairperson:**

That is good, because the entire community benefits.

**Mr Colgan:**

There was €990 million under Peace II, for example, and not one penny was returned. If money is not spent in one particular part of the programme, we can transfer it; in fact, we would intend to do that. We spend a fair amount of our time carrying out risk analysis, and, as soon as we see that money is at risk, we start to make preparations for how that might be better utilised elsewhere. We do not take that decision on our own but consult Departments and relevant key stakeholders.

**Mr Spratt:**

I think that my questions have already been answered. You are welcome, Pat; it is good to see

you here. I want to take up the theme of audits with you again. It is good that you are doing regular audits. Is an audit automatically done on all programmes and all organisations with substantial amounts of money to ensure that the money is reaching the projects and the people that it is supposed to reach and is being properly used in a transparent and open way? Do you do that through the Community Relations Council, or do you pick out audits occasionally here and there? Is it hit and miss, or is it an absolute necessity that everybody is properly and regularly audited? I think that that is important.

**Mr Colgan:**

If I may, I will ask my colleague Shaun Henry to address that issue. He is responsible for the managing authority, which is the regulatory side of the programme. There are many different levels of audit and financial controls in the programme, and Shaun will take you through some of those. Howard has been directly involved in some of the issues that William asked about, so if you do not mind, I will allow him to speak about our proactive outreach to the community, because it is an important point.

**Mr Howard Keery (Special EU Programmes Body):**

I am conscious of the need to ensure that there is a reasonable distribution of funding between the communities. People talk about the Protestant/unionist/loyalist community and its capacity. Capacity has been raised, certainly in the organisations with which I deal. We had meetings with you, William, at which, I think, there was a huge leap forward with those organisations and their understanding of the requirements of the Peace programme.

The SEUPB has taken proactive steps to ensure that no section of the community is excluded, and everybody is given an equal opportunity. However, because my staff are responsible for the assessment of the projects, there is a limit to the amount of hand-holding that we can do. We have certainly been proactive in reaching out to communities and guiding and advising them about which buttons to press in order to maximise the possibilities of accessing funding. As Pat said, a steering committee makes the awards, but I am open to working with any organisation. If there are organisations that you feel are having difficulty in accessing funding, I am more than happy to meet them.

**Mr Shaun Henry (Special EU Programmes Body):**

We have a rigorous audit and control programme in place for the programme. Before any

organisation receives a letter of offer, we carry out a pre-contracting check. A member of our staff or the consortium staff visits an organisation and checks its systems and procedures.

When an organisation submits claims for expenditure, a full verification is carried out. The original documents that support the claim are viewed by the verification staff. In addition, we have a programme of on-the-spot checks whereby every project is visited by an independent SEUPB control officer who has not been involved in the verification of claims. The officer visits the project and rigorously assesses all expenditure and claims to date.

In addition to that type of audit work for which we are responsible, as a public body, we have our normal system of internal audit whereby we examine our own expenditure. Our internal audit services are provided by DFP internal auditors, who sample project expenditure and carry out further checks.

As an extra regulatory requirement, every programme has to establish an audit authority under EU regulations. The audit authority takes a sample of all the expenditure that we have certified to Europe in any given year and checks it back to the original documents at project level. We are also subject to Northern Ireland Audit Office audit, and, as part of its annual audit, it also samples project expenditure. The programme is also subject to audits at European level, either by DG Regio auditors or by the European Court of Auditors. Therefore, there is an entire system of audit in place. Some would say that the system is too rigorous and onerous, but we are conscious of, and strive to meet, the highest standards of financial accountability.

**Dr Farry:**

I declare that I am a member of the Community Relations Council.

I am conscious that Peace III was designed around a certain policy framework, and, in many respects, the Peace III documentation has expanded on that framework. The Executive are completing the consultation on their policy for cohesion, sharing and integration. Leaving aside the debate on the content of that, I think that there should be an expectation that a final document will be produced within the next 12 months and that that will become the current policy thinking.

In the current economic climate, much of the spending power for good relations and shared space issues lies in Peace III. How can you best ensure, with our Assembly and Executive, that

there is proper co-ordination in how the policy agenda evolves with the continuation of your spending power potential through to 2015?

**Mr Colgan:**

That is an important point. We have engaged with, and closely followed, the development of the cohesion, sharing and integration document. We were invited to be part of a funders' forum feedback session. You are absolutely right. The policy framework for the programme is extremely important to us, which is why it is vital for us to be aware of, and in touch with, it.

The possibility exists for the overall direction and strategy of a programme to be reviewed at various points during its lifetime. We would suggest that that be done in the context of a new policy framework emerging in order to ensure that the programme still meets policy objectives. However, any fundamental changes will have to be agreed at monitoring committee level and with the European Commission.

The operational programme document is a policy that was agreed by the Northern Ireland Executive, the Irish Government and the European Commission in 2007. It was signed formally as having been agreed. We are the policy implementers, and until such time as the two Governments — the Northern Ireland Executive and the Irish Government — tell us that we should change it, we will continue to implement it. It is our duty and responsibility to stay close to the policy formulation process and to provide every opportunity for a review of policy where appropriate and necessary. However, I agree with you. By the end of next year, the vast bulk of the moneys in the programme will already have been committed, but it provides an important framework.

**Mr Molloy:**

Thank you for your presentation. Many of my questions have been answered. However, I want to deal with some points about the quality of the bids. Is it about the quality of bids or the bureaucracy around European funding? You said that a standard has been set, but who sets that standard? What was designed first? Was it the needs of the community or the needs of the Departments? In the rural development and Peace programmes, part of the problem was that there was an attempt to match people's applications into an already-set programme, instead of it being about the needs and how a programme should fit that.

**Mr Colgan:**

We worked to the Peace III and INTERREG IVa operational programme documents. As I said in a previous reply, that is the policy framework within which I work, and it is my job to implement that programme. I cannot do anything outside that programme, and I cannot change it. It is my job to ensure that the programme is implemented. Applicants must match the criteria and the standards set out in the operational programme documents, and they have to demonstrate how they match that document in every application that comes through.

In addition to meeting the standards set down by the programme, and in respect of the programme generally meeting the criteria in order for it to achieve its objectives, they must also meet normal public sector funding standards for approval of public sector moneys. In Northern Ireland, the principal contexts for that are the managing public money and green book guidelines relating to appraisals and approvals of projects. There are clearly defined standards, procedures and processes, and it is the duty of every public servant responsible for managing public moneys to ensure that those standards are adhered to.

The accountable Departments involved have their own particular approach to the implementation of those public sector standards, and there is no real discretion as to whether or not you can apply those standards. I come back to the point that I made earlier: EU funding is a particular kind of funding, which is suited to long- or medium-term strategic planning, where you have time to sit back and think. The context and framework within which it is done are the two documents — the INTERREG operational programme document and the Peace III operational programme document. Any changes to those documents would have to be agreed between the two Governments and the European Commission and approved by our monitoring committee.

**Mr Molloy:**

The programmes were put in place by Departments and Governments without necessarily addressing the needs. Are we talking about good form fillers or about good programmes, because we have all heard about the people who can fill in the forms well, but, when we see the programme, it does not mean that it actually delivers?

**Mr Henry:**

I will comment briefly on the origins of the two operational programmes to which Pat referred. We wrote the programmes after extensive public consultation that was carried out during 2005

and 2006. We held a series of public meetings, published draft documents on the website, invited written responses to the draft programmes and consulted extensively with the political parties, the Departments and all the key social partners. Therefore, we are confident that the operational programmes reflected the considered view of the needs of the region when they were drawn up in 2007. That does not mean that those needs cannot change and evolve over the lifetime of the programme, but we are confident that they were an accurate and considered view of the needs of the region when they were drafted.

As regards the quality of the projects, it is important to reflect on Pat's opening comments. We have committed more than 60% of the value of both programmes, so many high-quality projects have been funded, notwithstanding the fact that we are aware that a number of project applications have not been of sufficient quality. We are working with those applicants to try to address those types of issues and improve the quality of their applications, because we are inviting new applications over the coming months.

**Mr Molloy:**

It might be interesting to find out how many repeat applicants there have been and how much repeat funding there has been to certain groups ahead of new applicants.

Colleagues on the other side of the table raised the issue of involvement and outreach. How do you balance outreach, which could be seen as support for one community over the other and lead to groups being rejected because their faces do not fit?

**Mr Colgan:**

There is no question of whether a face fits or does not fit, Mr Molloy. There is a demanding and rigorous assessment process, which requires project applicants to demonstrate that they understand the criteria of the programme, have a project idea or concept that fits with that and can make a compelling argument to the people who are responsible for making a decision about the allocation of those funds — the members of the steering committee — that that project should be funded.

**Mr Molloy:**

The point that I am making is that you are saying that you go out to help one section of the community to make applications, but you are not doing the same for the rest of the community.

**Mr Colgan:**

There should be no misunderstanding whatsoever on that. We treat every part of the community exactly the same.

**Mr Molloy:**

That is not what you said earlier. You said that you are doing more to encourage one section of the community to make applications.

**Mr Colgan:**

In Peace II, it was identified that Protestant/loyalist communities were less likely to submit applications and that something needed to be done to reach out and engage with them, open the door for them and bring them inside.

**Mr Molloy:**

Therefore, you are doing that.

**Mr Colgan:**

Of course we are. We gave a commitment —

**Mr Molloy:**

Why deny it?

**Mr Colgan:**

I was not denying it. We gave a commitment to both Governments that we would do that, and we continue to do it. That is not discriminatory. Everyone who comes through our door will be treated exactly the same.

**Mr Molloy:**

Therefore, we could have a situation in which, because of a low take-up in one community, the other community does not get funding for good projects.

**Mr Spratt:**

Is there too much discrimination in the Police Service for you?

**Mr Molloy:**

That is a different issue, and we can go into that debate if you want.

**Mr Spratt:**

It is a different issue when you want it to be.

**Mr Henry:**

To clarify: although we have made efforts, through outreach, to encourage applications from certain sections of society, once those applications come in, they are treated in a fair, objective and consistent manner. Every application is subject to the same criteria, scoring and assessment.

**Mr Molloy:**

What has changed? In the past, the Orange Order funded certain groups. You are saying that the European Union, through your offices, is encouraging and developing applications from those groups.

**Mr Colgan:**

We encourage applications to the programme from all sides of the community. However, as I said, there was an identifiable gap in participation levels from certain parts of the community, and it was our duty to reach out to them and open up the doors of the programme to them.

**Mr Molloy:**

We are not going to get much further on that point. The situation has been reinvented.

The Public Accounts Committee (PAC) report into the cost of running your organisation identified many savings that could be made. What steps are being taken to make those savings?

**Mr Colgan:**

We have made a considerable amount of savings in the current suite of programmes. In Peace II, there were 56 implementing bodies, which had significant costs associated with them. In INTERREG III, there were 26 implementing bodies, which, again, incurred significant costs. Administrative costs for those programmes were running at between 9% and 10% and, in specific areas, up to 20% or 25%.

In the current suite of programmes — Peace III and Peace IV — we eliminated all those costs completely. We have only one implementing body — the consortium of Pobal and the Community Relations Council. The costs of administering the programmes are below 5%. We set ourselves a target of 5% and will come in significantly under that, because we continue to introduce efficiencies and transfer moneys that would have been spent on administration to front-line projects.

**Mr Molloy:**

My final question, which may be outside your remit, is on economic development through councils. I am told that there is quite a large pot of money that looks as though it will be left unspent. Is that outside of your control?

**Mr Colgan:**

That probably refers to another programme. There is no threat of any underspend of moneys on our side; if there is, I will let you know about it very quickly.

**The Chairperson:**

Thank you for your presentation and for answering questions.