



Northern Ireland
Assembly

Committee for Culture, Arts and Leisure

OFFICIAL REPORT (Hansard)

Review of Arm's-length Bodies: DCAL
Briefing

21 November 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Miss Michelle McIlveen (Chairperson)
Mr William Irwin (Deputy Chairperson)
Mr Dominic Bradley
Mr David Hilditch
Mr William Humphrey
Ms Rosaleen McCorley
Mr Basil McCrea
Mr Michael McGimpsey
Mrs Karen McKeivitt
Mr Oliver McMullan

Witnesses:

Mr Mick Cory	Department of Culture, Arts and Leisure
Mr Paul McAllister	Department of Culture, Arts and Leisure
Ms Cynthia Smith	Department of Culture, Arts and Leisure

The Chairperson: I welcome the following officials: Cynthia Smith, deputy secretary; Mick Cory, director of sports, museums and recreation; and Paul McAllister, head of the arm's-length body (ALB) unit. Thank you for coming today. Hansard will be present for this briefing. I invite you to make an opening statement, and we will follow up with some questions.

Ms Cynthia Smith (Department of Culture, Arts and Leisure): Thank you very much and good morning, Chair and members. The Chair has provided introductions, so I will not go through those again. We have provided the Committee with a copy of a briefing note. Since that briefing note was written, we sent the Committee — just yesterday, and apologies for that, Chair — two additional reports that we had just finalised. I will go through those in my briefing. So, what I say will be slightly different from the briefing note, but I will explain where the differences are.

As you are aware, reviews of our ALBs have been carried out in two stages. I will update the Committee on where we are with the whole process and then take you through where we are with the reviews of each of our arm's-length bodies. It may be helpful to start with a recap of the process that we followed, because I realise that we have not been before the Committee on this matter since January.

We are carrying out the reviews in two stages. The first stage is about looking at the functions of the body and seeing how those fit with the Programme for Government and our objectives in the Department of Culture, Arts and Leisure (DCAL), and whether the functions are still required. The basic question that we are asking at stage 1 is this: are the functions still required? If we find that the

functions are no longer required, the review stops and the Department will consider the formal process for winding up the body. If, however, the conclusion of stage 1 of the review is that the functions of the body are still required, the review proceeds to stage 2. Stage 2 focuses on this question: what is the appropriate delivery model for that body? To date, all the reviews have found that the functions are required, which I suppose will be of no real surprise to the Committee.

When we last briefed the Committee in January, we had completed stage 1 reviews for National Museums Northern Ireland (NMNI) and the Northern Ireland Museums Council (NIMC), and reviews of Sport NI and Arts Council had started. I will give you a summary of progress since then. The stage 1 reviews for Sport NI and National Museums are complete. Stage 2 emerging conclusions reports for both bodies have just been finalised. As I said in the introduction, those have just been issued to the Committee for its views. They have also been issued to the bodies and trade union side (TUS) for its views. The stage 1 review of the Northern Ireland Museums Council is complete, and stage 2 is nearing completion. We are consulting with the Northern Ireland Museums Council and National Museums on the options. We will then finalise our emerging conclusions.

We are finalising the stage 1 report on the Arts Council. The review of Armagh Observatory and Planetarium (AOP) has been extended because we want to consult more widely regarding the public value of AOP's research functions. I will say a bit more about that later. Finally, we have commenced the last ALB report, which is on NI Screen; we started that in September. So, the reviews of all the bodies are under way.

We provided the Committee with an updated project timeline. We have built into that additional consultations with the bodies, because that is one of the issues that arose in some of the earlier reports that we completed. The project timeline now shows that the full programme of reviews will be completed by the end of March 2014.

I will now take you through the stage 2 process, which is what we will focus on. As I said, stage 2 looks at the options for future delivery of the functions and makes recommendations on their emerging conclusions. There are five broad options for the functions of a body. One option is to retain it in its existing format as an ALB of the Department, which is basically the do-nothing option. The second option is to transfer that body out of the Department — out of government even — and for it to be delivered by local government as opposed to central government. It could also be delivered by the voluntary sector or the private sector. So, the second option is transfer it out of central government. The third option is to transfer the function into the Department. The question that arises is this: could it be delivered more efficiently and effectively by bringing it into the Department? Another option is to bring it into the Department but as an agency of the Department. You could decide whether that would give you advantages over a fuller, closer integration into the Department. The final option is to merge it with another body. Is there another similar body out there with similar functions that could carry out that work as well?

Those are the five broad options when looking at an ALB, and each option is analysed to see whether it offers a solution for that particular arm's-length body that should be considered further. It is at that stage that we will take the emerging findings to the Committee and consult with the body and NIPSA. Obviously, we are keen to hear the Committee's views on the emerging findings of the options for delivery of the functions. In looking at delivery options, we have taken account of how those functions are delivered elsewhere, particularly in GB and the South as those are of closest relevance to us.

The most realistic options that emerged are further assessed against a number of key areas. We look at the following sorts of issues. Are the functions that the arm's-length body carries out very technical? Do their funding decisions need to be very transparent? How arm's-length do those decisions need to be? Does the current model give the public confidence as regards transparency in those funding decisions? We then look at broader issues of accountability and governance. We take into account any specific skills and expertise among the staff who are working in the body. We look at the impact on the service and consider questions such as this: does the body receive lottery funding and how would that be affected by any proposed change to its status? We also look at the cost to the service over a 10-year period. All the views are considered after the consultation, and we put final recommendations to the Minister.

If it would be helpful for the Committee, Chair, I will take just a few more minutes to take you through each of the bodies in turn. As the Committee will be aware, our first review was of Sport NI. We started that review and then postponed it to enable the body to carry out its governance review. We have spoken to the Committee about that. The review was carried out by the Chartered Institute of Public Finance and Accountancy (CIPFA). The conclusion is that we are content that all the

recommendations in that review are being addressed. The Department and Sport NI recognise that this is not a one-off. It is a journey of continuous improvement. We all recognise that significant action has been taken. However, I think that we also all recognise that you need time to embed those changes and measure their success. That is where we are.

The stage 1 report was issued to the Committee in June. We have now moved to stage 2 of the Sport NI review. As I said, the emerging conclusions have just issued to the Committee for consideration. In brief, there are three shortlisted options from the list that I described. The first option is to retain the status quo; ie Sport NI remains as an arm's-length body. The second option is to transfer it into DCAL. The third option, which is a sort of permutation of that, is to transfer the capital development programme. We assessed each of the three options against a number of criteria. We included in that a cost-benefit analysis, using as a baseline the retention of Sport NI as an ALB. We then did our cost-benefit comparisons against that baseline.

Clearly, each option raised its own issues, which we looked at carefully. For example, we looked carefully at the implications for the body of having separate funding streams for Exchequer and lottery funding and the impact of the three options on that. We looked at the impact of the separate funding streams on management and at the effectiveness of the service as a result of any change to its delivery function. We also looked at how the current models contributed to public confidence regarding transparency of funding decisions. We looked, too, at cost comparisons for each option over the 10-year period, including any implications for staffing issues, transferred pension rights etc. We looked at a balance of costs and non-monetary costs. The emerging conclusions report indicated that retaining the current delivery model was the preferred option. Having come to that emerging conclusion, we recognise, though, that we want to maximise the use of resources in Sport NI to deliver on our priorities. We take into account benchmarking against other bodies, particularly comparing overheads. We think it is important that we continue to do that. Following completion of the current round of consultation, we will take the final recommendations to the Minister with a view to having it completed by March 2014.

I will turn to National Museums. The Museums and Galleries (Northern Ireland) Order 1998 clearly sets out the statutory functions of its board of trustees. We just issued for comment the emerging conclusions for stage 2. The first of the two shortlisted options that we looked at in further detail was to do nothing and retain it as an arm's-length body. The alternative was to transfer NMNI's functions to DCAL.

As with Sport NI, we looked at the impact of any loss of funding from lottery and other sources should NMNI's functions transfer to the Department. The specialist technical roles performed by NMNI and its curatorial staff was also a factor. A wide range of specialisms are involved in delivering National Museums service and expertise to protect and interpret its collections. We also took into account the need for exhibitions and curatorial decisions to be free from any perception of external influence in order to ensure a balanced approach.

After taking into account all those factors and issues, the emerging conclusion that we reached was that the functions of NMNI should be retained as an ALB. We will take into account comments or issues raised in consultation in completing that review and bring the final recommendation to the Minister.

I now turn to the Northern Ireland Museums Council. As the Committee is aware, NIMC is a company limited by guarantee and a registered charity. It does not operate under any legislative authority. It was established in 1993 following a ministerial statement. Its remit was to provide support services to local museums, disburse grants to registered museums and coordinate and develop a strategy for local museums' development.

Stage 1 was completed last year. The Committee has a copy of the report, which concluded that the functions of NIMC were still required, as I described. We moved to stage 2 and the shortlisted options: retaining NIMC as an arm's-length body, which is its current status; transferring its functions to National Museums; or bringing its functions into DCAL. Although we are at a well-advanced stage in looking at those options, we are still consulting on future delivery with National Museums and NIMC. We hope to bring those emerging findings to the Committee shortly.

I will give you a flavour of the issues that we are looking at. Clearly, as we state in our brief, one of the key issues that jumps out is the body's diseconomies of scale. It is a very small ALB. It has a board of 13 members and a small staff of five, including its director. Its running costs — salaries, accommodation, admin and other overheads — account for about 80% of the Exchequer spend.

Obviously, that is a key issue to take into account when we look at future options. We are also looking at what the impact will be of the loss of any lottery funding, how income from other sources might affect the delivery model and how it might impact on a more local and independent museum sector. Those are all the emerging issues that we are looking at. Again, we have a timetable to complete that by the end of March.

We have been consulting with the Arts Council on the factual accuracy of our stage 1 report. We are now in a position to finalise that. The key outcome from stage 1 is that the functions are still required and contribute to DCAL's and the Executive's objectives, so we should move to stage 2. We are now aiming to finalise that stage 1 report, after which we will immediately start stage 2. Of course, we will provide the Committee with that stage 1 report when we have finalised it, which will hopefully be shortly. Again, we want to complete both those reports by the end of March.

I will turn to the Armagh Observatory and Planetarium. That is a very different body in that it has governors who operate under a statutory corporation under the authority that is given in legislation that dates from 1995: the Armagh Observatory and Planetarium (Northern Ireland) Order 1995. It requires the governors to maintain and manage the Armagh Observatory and Planetarium:

"for the purpose of developing and improving the knowledge, appreciation and practice of astronomy and related sciences".

The 1995 Order permits the governors to exercise any of those powers that were previously provided under the 1791 Act, which we are going back to here. It was passed by the Irish Parliament:

"for settling and preserving a Public Observatory and Museum in the City of Armagh for ever."

I wanted to say all that really just to give the Committee a flavour of the background to the body. Clearly, it is very important for culture and heritage. That is why I wanted to stress its historical roots, which are probably as important as its scientific credentials. It was founded in the 18th century. It was, in effect, an endowment by the then Archbishop of Armagh for the public good on the understanding that its work would continue. Clearly, that is an important background factor that we are taking into account. The addition of the planetarium work to that body in the 1960s has greatly enhanced its outreach activity. The fact that it is a working observatory with a small research element adds to its status, which is national and, indeed, international.

We commenced the review of the Armagh Observatory and Planetarium around Easter. We are looking at it very carefully and are consulting a bit more widely on this one with the Department for Employment and Learning (DEL), the Department of Enterprise, Trade and Investment (DETI) and others to understand the public value of its research and outreach functions. That work is ongoing. We have planned further discussions with the chair of AOP so that we can really understand and have a clear view of the way forward, which, again, we will bring to the Committee.

The final review was of NI Screen. Stage 1 commenced in September. We have had initial meetings with the board and the executive. We are hopeful of getting a draft stage 1 report before Christmas.

In summary, that gives the Committee a flavour of the progress that we are making on the programme of reviews. As I said, we hope to have completed all of those reviews by the end of March. That is, I think, ambitious, given that we are at a stage now when we want to discuss much more carefully the options and take account of all the other reviews. As I said, we have just issued Sport NI and National Museums stage 2 for comments, which we would be very grateful to receive before we come to a final conclusion. We will also take into account the views of the bodies concerned on those emerging issues before our conclusions. We are finalising the Arts Council report, followed by the NI Screen stage 1 report. We are also finalising, as I said, the emerging conclusions for NIMC and are consulting more widely on the Armagh Observatory and Planetarium to finalise its stage 1 report.

I hope that gives the Committee a broad overview of where we are with the programme as a whole. As ever, we are very happy to take questions on any of the detail.

The Chairperson: Thanks, Cynthia. As you said, we received the papers only yesterday, and there is quite a considerable amount of information there. I will be recommending that the Committee takes a day to look at that in advance of forwarding any specific conclusions that we may have. Your timescale is obviously very ambitious. It is only a couple of weeks until Christmas, and you anticipate having this concluded by March.

Ms Smith: I must say, Chair, that I wanted to keep a bit of momentum going on this, because we have an objective that we are working towards. I appreciate that issues may arise and that the bodies might come back with issues, but I want to have that objective so that we are all on a critical path. I appreciate that this programme has been ongoing, and I am very conscious that it creates uncertainty among the bodies, so I am trying to minimise that uncertainty. Equally, I want to make sure that we give the bodies adequate time to consult. If there are issues, we can, of course, look again at the timeline. However, I thought that it was important to try to have a conclusion, even from the team's point of view, so that it has a clear objective of trying to get the bulk of the reports completed by the end of this financial year at the end of March. I think that we should keep that as the objective while recognising that, if there are clear issues that require more time, we will, of course, provide that. However, I want to have an objective for the team, for us and for the bodies to work towards.

Mr Paul McAllister (Department of Culture, Arts and Leisure): It may be worth saying that, because we introduced consultation processes during our fact finding and analysis phases, I think that it will reduce the number of issues that will arise at this final consultation stage with the bodies. So, that may expedite things. We still are dependent on what feedback comes back from the bodies, from TUS and especially from you. That may have an impact, but we are still pretty hopeful that we can deliver it within that timescale.

The Chairperson: Do you anticipate going out to public consultation at any stage?

Ms Smith: Not unless it was proposed that we change the status of a body, for which we would clearly need to develop a new policy and, depending on the body, that might require legislation. We would, of course, consult at that stage, once the delivery model had been agreed. If we were to go down that road with any of the ALBs, that would be the stage at which we would consult. Indeed, a legislative change may be required for some of them, but that would happen only if we were making a substantive change to the body.

The Chairperson: There are many questions that I could ask in and around Sport NI and museums, and I imagine that other members will probably want to delve into that. This is just a very general question about how you move forward with Northern Ireland Screen. During our creative industries inquiry, we discovered that it has a very complex governance and accountability mechanism. Will you be consulting DETI at any stage?

Ms Smith: Yes, we are liaising with it. Before we started the review, we liaised with Invest NI, which is the key body. As you know, we have a joint funding responsibility. Although we are the smaller funder, we take the lead on the governance of the body. We have been liaising and will continue to liaise closely with Invest NI, because many of the issues are common issues that are of great concern to both Departments.

Mr D Bradley: I want to ask you about Sport Northern Ireland. I think that, the last time that you were here, there were serious difficulties with the governance of Sport Northern Ireland. I notice that your draft report states that significant progress has been made in improving that situation. For the Committee's benefit, can you be more specific and tell us exactly what has been done?

Ms Smith: Absolutely. If you look at the foot of the Sport NI stage 1 report, you will see that there is a detailed action and implementation plan that goes through each of the recommendations.

Mr D Bradley: What page is that on?

Ms Smith: It is at the back of the Sport NI stage 1 report. There is a detailed action plan that addresses each of the points.

Mr D Bradley: Is that the table in the green folder?

Mr P McAllister: No. That is the stage 2 report.

Mr D Bradley: Anyway, can you just tell me what has been done?

Mr P McAllister: It issued to the Committee in June.

Mr D Bradley: Sorry?

Mr P McAllister: The stage 1 report is the one that issued to the Committee in June.

Ms Smith: I am happy to go through some of the issues. Clearly, we have been working with Sport NI over the intervening time to ensure that we have implemented the findings. As you know, the stage 1 report was paused to allow Sport NI to address some of the emerging issues, and, as a result of that, it undertook its governance review with the support of CIPFA.

Mr D Bradley: Could you speak up a little?

Ms Smith: Sorry, yes. Can you hear me now? I hope that this is on OK.

The Chairperson: It is for recording rather than volume.

Ms Smith: OK. I will try to speak a bit more loudly.

A number of issues arose during the review, and some of those focused on obtaining greater clarity on roles and responsibilities. Although they were set out very clearly in the management statement and financial memorandum (MSFM), it was about understanding, appreciating and operating the respective roles of the Department, the board and the executive and understanding how those respective roles and responsibilities were taken into account and operated in practice in accordance with the MSFM. There were issues with the business planning process and how that had been carried through. There were issues, for example, with the risk management framework and how that was presented. So, there were a number of issues that have now been addressed and worked through. We are content that those issues have been addressed and are being worked through, but, as I said in my introduction, this is a process, and we will need time to see whether the changes that Sport NI has made are fully embedded and to evaluate the impact of those changes. We will continue to do that.

Mr D Bradley: One of the issues that you identified during the initial stage was that there was insufficient internal scrutiny in the board of Sport NI. Has that been improved?

Ms Smith: Yes, absolutely. It is much clearer as well. We found that, although there were discussions with the board, they were sometimes not very clearly evidenced in the minutes, for example, and there is a much clearer understanding of respective roles and responsibilities now. For example, we have been looking at the assurance statement that Sport NI, as in common with other bodies, provides to the Department and the process that it goes through at its audit committee and with the boards. I think that that is all much clearer now.

Sport NI is also looking at value for money, which is one of the aspects that we raised, and providing assurance about the efficiency of the operation of the body. That is ongoing as well. At the minute, we are content that Sport NI has addressed the issues that have been raised, but we want time to see that those changes have been fully embedded and to evaluate whether it is producing the outcomes that we want it to.

Mr McGimpsey: Thanks for the presentation. It is all reasonably familiar to me because we went over this sort of ground about 10 years ago. I see what you are doing and, yes, we will get more detail, and we have not had time to read all the papers. It seems to me that you have looked at various options, and your conclusions are correct in that you are retaining Sport NI, the Arts Council and the Museums Council. That is essential; you cannot bring that into the Department. Sorry, have I overstepped?

Ms Smith: Yes, you have overstepped. We are still on stage 1 with the Arts Council. We have said that the functions are necessary, but we have not yet concluded stage 2, which is about looking at the options.

Mr McGimpsey: I am just predicting what you will say then.

Ms Smith: You are slightly jumping ahead of where we are, but we have concluded the emerging findings on Sport NI and National Museums. There will be no final decision until we have taken the views of the Committee and the bodies themselves.

Mr McGimpsey: Those are sensible recommendations, and I am comfortable with them. You are saying, however, that you looked at local government taking over Sport NI's functions and concluded that that was not appropriate. I agree with that too, but I think that there is an argument for stronger local government relationships and stronger local government influence in Sport NI, not least because, under legislation, local government has statutory obligations and provides an awful lot of the infrastructure and facilities.

My other point is that the board structures are always very important. When these things go wrong, such as happened with the Events Company, who ends up responsible? I always understood the governing principle to be that the permanent secretary is the accounting officer and all responsibility for money goes back to the permanent secretary. It is up to the permanent secretary to ensure that he or she — in the case of Northern Ireland government, he, because there do not seem to be any female permanent secretaries around now, which is another major question mark over our government — is satisfied that the accountability lines are correct and that he or she is spotting problems early on and not simply relying on a board meeting of part-time non-executive directors, maybe once a month, and being presented with papers from the chief executive in each case. There is an issue there that needs to be looked at. Has the permanent secretary role in the past been the correct role? Obviously, that is something that is going to come up, and DCAL will be in the middle of it before it is all over, because it was a DCAL next steps body.

It is appropriate, when you are doing the reviews, to look very much at board membership, who are the appropriate people to be on the board and, in particular, how the board is protected because of what happened at the Events Company. Are those directors going to be protected on the principle that the permanent secretary is always the accounting officer? That principle applies throughout all Departments of State in Northern Ireland. The same thing applies to the next steps bodies, and the Events Company is no different. That gives the measure of protection and confidence for people who apply to be on the boards. That will be an issue for you as you work your way through this.

The recommendations you have made are sensible ones, but, as I said, local government has a very important role to play, especially with the Sports Council but also the Arts Council.

I am surprised that the Northern Ireland Museums Council is still there. When I was working in DCAL, I was never quite sure what its role was, and I am still not. It seems to me that National Museums, which used to be Museums and Galleries of Northern Ireland (MAGNI), looks after the functioning of museums, so I do not understand what the Museums Council does. If you are going to retain it, you will have to do something about its responsibilities to give it a reason to exist.

Ms Smith: Thank you very much for those detailed comments: I welcome them.

On the first point about the recommendations from stage 2 of the review of Sport NI and the point about Sport NI working more closely with local government, I absolutely agree. Indeed, one of the recommendations that came out from our stage 2 report was a need for much closer liaising and working with local government. In general, that applies to all our ALBs, particularly looking towards the implementation of the review of public administration. Indeed, the opportunities from community planning, for example, could mean much closer relationships and working.

That is a point that we are trying to work through. There is a strong case for closer relationships and working within the DCAL family, and there is much stronger case for closer working relations, particularly with local government. As I said, looking ahead to a time when local government will have more powers strengthens the case for closer working relations.

In terms of respective roles and responsibilities, when you look at the management statement and financial memorandum — we did, and it is not easy bedtime reading — you will see that it sets out very clearly the respective roles and responsibilities of the key players when it comes to the Department's responsibilities. It outlines the responsibility of the permanent secretary as the departmental accounting officer; the responsibility of the board, including its chair and board members; and the responsibility of the chief executive and the executive team of that body. The chief executive is also appointed as a subsidiary accounting officer for the body. It is really important that those roles and responsibilities are very clear and that people understand them.

We need to ensure that bodies are very inclusive and representative of the people that we serve and that they have the right governance and accountability skills. That is important.

On your third point about the Northern Ireland Museums Council, we recognise that it is a very small body. As I said, overheads are 80% of its costs, so we need to look very carefully at it, and we are taking time to look a bit more closely at the options there.

Mr Humphrey: Thank you very much for your presentation. Twice during your presentation, when you were talking about Sport NI and, I think, the Arts Council, you talked about bringing functions into DCAL. What does that mean?

Ms Smith: We are not there yet in relation to the Arts Council. I was talking about Sport NI and National Museums. When you look at the five broad options, as you would for any body, one of those is that the body no longer exists as a separate arm's-length body but becomes part of the parent Department. You do not have an arm's-length body because the arm is shortened so much that it is brought into the Department and becomes another area in the Department. You do not have a separate board and chief executive; they are brought into the Department. Bringing the body into the Department means that it ceases to exist as a separate arm's-length body. That is one of five broad options.

Mr Humphrey: Why are you looking at those two in particular?

Ms Smith: Having looked at the other ones, you either retain the status quo or you look at whether it could go into the private sector or the voluntary sector. You look at whether it fits into another body and whether you could combine them. When we looked at the five options, those were the two that seemed to be the most realistic, as it were. In the case of Sport NI, we brought it in, but we had the additional option of asking whether it made sense to bring parts of it in. That is why we came to that conclusion. We started off looking at all five options, but we narrowed them down at an early stage to the most realistic of those and focused on them. If the Committee has views about other options, we would be very happy to receive them.

Mr Humphrey: What is driving this?

Ms Smith: Driving the whole ALB review?

Mr Humphrey: No. Why are you bringing those bodies into the Department? What is driving that?

Ms Smith: It is more about driving the whole consideration of the reviews themselves. The reviews are there to answer two questions. First, do you need the functions of the body at all; is it still necessary? Secondly, what is the best way to deliver those functions? If you boil it all down, that is what we are trying to answer with a few basic questions. That is what is driving the review. It is about being able to answer those two questions.

Mr Humphrey: It is not being driven by politics?

Ms Smith: The review team is looking very carefully at those two questions: are the functions necessary, and what is the best way to deliver them? I can assure the Committee that that is what we are looking at.

Mr Humphrey: The important point to bear in mind about Sport NI is that its budget for capital investment is not huge, given the amount of money that we need to put into our sports infrastructure in Northern Ireland. From my party's perspective, we feel that there should be financial collaboration between government, local government, education and library boards and private clubs, and there should be a collegiate approach on investment in sports facilities, rather like the example of Belfast City Council working with DCAL and the Department for Social Development (DSD) on the redevelopment of Windsor Park. That is absolutely essential, to be honest, if we are to get the maximum amount from the spend for the taxpayer and the ratepayer.

I am concerned that, whenever we look at this, issues arise where Sport NI has not been quick in coming forward with the money, and other money has been put at risk. That has happened on a couple of occasions in my constituency of North Belfast, in the greater Shankill area. Have you looked at that as part of the review?

Ms Smith: Our review is focused more on looking at whether the functions of bodies are necessary and the most appropriate methods of delivery. I take your point; the need to work much more closely

together is something that has come out of all the reviews. Looking forward, given the current economic climate, we need to make it absolutely clear that we are making the best use of our funding. The case is very strong for ensuring that we coordinate more closely with local government and private sector provision when we look at new facilities. I can give you a good example of that. Part of the Sport Matters strategy is about looking at facility provision, and one of the things that we have been looking at is community use of school sports facilities. That is such a clear win, and it is something that we are keen to encourage. There must be a better way of coordinating so that you get better value for the public through using these facilities, so I absolutely take your point.

Mr Humphrey: We had an evening event here at Stormont where we brought somewhere between 20 or 30 of the minority sports organisations in. Funding for them is very tight, and some of them do not get any funding. Reaching out to communities is important to ensure that the maximum number of people are affected positively by the arm's-length bodies and the Department's money. I am using Sport NI in a sporting context, but the Arts Council does the same with the arts. Can you elaborate on what positive work you think both organisations are doing to reach out to working class and socially deprived communities to ensure that they are not forgotten about or left out? Bear in mind that we are going to do a piece of work on the Arts Council and organisations such as the Mac and the Lyric on not just whether working class people in an urban or rural context go to those venues and engage with the arts but how those organisations reach out to communities.

Ms Smith: I know that the Committee will be well aware that our top priority in the Department is promoting equality and tackling poverty and social exclusion. That is our focus, and we have been working closely with our arm's-length bodies to ensure that that is reflected in their expenditure. For example, we have just been working with them on an exercise to look at their budgets for next year and have been going through those with each of the bodies in some detail to ask them to demonstrate how that priority is reflected in their expenditure.

With the arts, there is a community arts strategy, for example, and we have been working closely with all the bodies to make sure that we are reaching out, as you have described, to find out about the local communities and to encourage participation.

What we are trying to do more generally is not just to encourage participation but to recognise the absolute value of sports, arts, leisure, our museums and libraries, and the whole DCAL family and the huge contribution that it can make to making a difference to people's lives and to participating. It is not just about increasing the participation rates of those who always participate but finding those who traditionally have not had the opportunity in order to give them those opportunities. That is a different focus now, and, hopefully, that is starting to come through in policies and expenditure for all the bodies.

Mr Irwin: As an Armagh man, I have an interest in the planetarium and the observatory. I welcome the fact that you are engaging with DEL and DETI in relation to the public value of any research functions. I think it is very important that that is the case. The observatory has weather research functions that no other observatory in the United Kingdom has, so I think that that public function is very important. You have set a target to have the review completed by the end of March: do you believe you will have that review completed in time?

Ms Smith: As I was saying, we have set ourselves an ambitious target. In the case of Armagh Observatory and Planetarium, we have recognised that we need to consult more broadly, particularly when looking at the public value of the research function. That is not something that we feel comfortable about analysing ourselves, which is why we have been consulting with the other bodies. I think that that is going to take a bit of time to work through. We are not going to be driven by simply having a date and doing it for the sake of completing a deadline; we want to do the job properly and make sure that we have reviewed it properly. I do not want to say this, because I want to keep the pressure on the team to try to keep the momentum on the reviews, which we will do. However, at the same time, I recognise that there may be particular issues that arise. Where they need more time, I am happy for us to devote that to the bodies, but we want to make sure that we keep broadly on target as well to keep the momentum going.

Mr Mick Cory (Department of Culture, Arts and Leisure): The Armagh Observatory has been around for 220 years — 222 years, in fact, to be precise. A deadline of March is obviously an important deadline, but it is not something that you will want to throw away or change without the full understanding of the consequences.

Mr Irwin: Absolutely. It is obviously very important that the job is done properly and not rushed and that every aspect is looked at. Thank you.

Mr Hilditch: I have a couple of questions on Sport NI, and I declare an interest as someone who received funding from Sport NI recently for a safety officer's course. Sundays will never be the same again. There is a lot of good work done at Sport NI by individuals and the body, and of course there are things that could be done better, but I agree with Mr McGimpsey to a certain degree on the involvement of local government. Of the options that were looked at, was one of those to split it between central and local government?

Mr P McAllister: We had included in the options the possibility of transferring capital funding in Sport NI. It just says transferring it; that would be transferred to the Department.

Mr Hilditch: We have just got the papers, as you know, but, from looking at that, it seems that there is not a clear split. I am talking specifically about those two areas, not just capital. I am talking about the option of splitting the whole delivery between central and local government, not just capital, which would probably fall to central government anyway. It is not clear.

Mr P McAllister: I do not think that is one of the specific options in there.

Mr Hilditch: Was it considered at any stage?

Mr P McAllister: We ruled out transferring the functions from central to local government because a lot of what Sport NI does is regional for the whole of Northern Ireland. Therefore, you start to get diseconomies of scale if you split it, and it also becomes very complex because of the role as the lottery distributor for sporting funds. So splitting it on that basis was not considered.

Mr Hilditch: I am not saying that it should be split, but I would be interested to know the detail as to why not. I would have thought that that would be an obvious option on the table if we were looking to change things.

Ms Smith: I suppose we were trying to look at what was value for money, the impact on service delivery and the impact on the lottery and for getting other sources of funding. So there is a whole range. Taking all of those into account, we looked at each of the options. That is how we arrived at the decision. The most realistic options are that you keep it as it is, as an arm's-length body; you remove it, which means that it ceases as an arm's-length body and its functions are absorbed into the Department; or you take one of the functions out, which is the capital programme. Those were the three that we thought were most realistic in terms of the criteria that we judged them against.

Mr Hilditch: I am just throwing it in there. I declare a second interest as chairman of Carrick Rangers Football Club, a member club of the Irish Football Association. Was there any look at how Sport NI got on and what its relationships were with the main governing sports bodies in Northern Ireland?

Ms Smith: We did not specifically look at that, but we did take into account what the impact on service delivery would be, broadly, if it was moved to another body, in terms of the contacts and skills that had already been built up between the body and its customer base [*Inaudible.*] which is clearly an important relationship too.

Mr P McAllister: We did a limited consultation with public bodies and sent questionnaires out to them. There was a limited response to the questionnaires, but we did not go down to an individual club level.

Mr Hilditch: OK. I have made the point.

Mrs McKeivitt: I welcome the opportunity for the Committee to discuss what is placed in front of us this morning.

To go back to what Mr Hilditch was talking about, which was the transfer to the Department, you mentioned that it was just worded that way at option 2. Sport NI had community capital developments retained in May, and you mentioned how other funding could come into play, such as the lottery. I read that the Department would provide an alternative delivery vehicle for the lottery funding because excluding the lottery function is not allowed. How do you see that impacting on the delivery of projects in the community?

Ms Smith: You are right to highlight the importance of consideration of the lottery. A key consideration in coming to our conclusion was the fact that you would need an alternative method to allow Sport NI to avail itself of lottery funding. As you know, lottery funding is an important additional source of funding for Sport NI. That is one of the factors that we took into account that led us to the conclusion that it should retain its status as an arm's-length body to allow it to continue to avail itself of lottery funding. If we were to bring it into the Department, we would have to set up some sort of different mechanism, because the Department could not receive lottery funding. So, you would lose that unless you had some other mechanism set up.

Mrs McKeivitt: If the Department were to set up another board in order to deliver the lottery part, there would be no savings.

Ms Smith: That is the conclusion that we reached, and that is why we did not recommend it.

The Chairperson: Thank you for your presentation. I encourage members to have another meeting to look at this in greater detail and to come back to you. The Minister has indicated that she would like a response within three weeks.

Mr P McAllister: We have said three weeks. If the Committee feels that that is not appropriate, we will take your response when we get it. That is the time that we have allowed for in our project plan.

The Chairperson: We may want to come back to you again with further questions.

Ms Smith: As I said at the start, while we have a timeline that we are trying to keep broadly to, it is more important to ensure that we get a good opportunity to feed back, and we want to be able to take on board the Committee's views. We are happy to assist in whatever way the Committee feels is appropriate to enable us to do that.

The Chairperson: Thank you very much.