



Northern Ireland
Assembly

Committee for Finance and Personnel

OFFICIAL REPORT (Hansard)

EU Structural Funds: DFP/SEUPB Briefing

13 June 2012

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Conor Murphy (Chairperson)
Mr Roy Beggs
Mr Leslie Cree
Mr Paul Girvan
Mr David Hilditch
Mr William Humphrey
Mr Mitchel McLaughlin
Mr Paul Maskey

Witnesses:

Mr Martin Tyrrell	Department of Finance and Personnel
Ms Maura Young	Department of Finance and Personnel
Mr Pat Colgan	Special EU Programmes Body
Mr Shaun Henry	Special EU Programmes Body

The Chairperson: I welcome our guests from the Department of Finance and Personnel (DFP) and the Special EU Programmes Body (SEUPB): Maura Young and Martin Tyrrell from the European division in DFP; Pat Colgan, chief executive of SEUPB; and Shaun Henry, who is the director of SEUPB. Apologies for the delay, but we are in the unprecedented situation of trying to deal with the Budget Bill and interacting with the Department on that. I ask for some opening remarks, and we will then allow members to ask questions.

Ms Maura Young (Department of Finance and Personnel): Thank you, Chairperson; it has been an interesting morning. We have given you an update paper on the current position on European issues, and some of it has factored in some of our future funding work, particularly on cross-border programmes. You mentioned the previous item that we did not get to. If you like, we can give you a written update on the consultation exercise to date.

The Chairperson: That would be helpful. Thank you.

Ms Young: Much of what is happening in the programme at the moment through INTERREG and Peace is about making the final allocations to projects and making sure that spend will happen on target to make sure that we meet all our spending targets for the remainder of the programme. In our paper we highlight the issue that we are having with contributions from the Department of the Environment, Community and Local Government (DECLG) in Dublin. That is causing a difficulty, and I am sure that Pat will mention it in his evidence. There has been a delay in budgetary issues in that Department. We are assured that work is going on between its finance department and the

operational department to make sure that that budget issue is overcome and that we start to release resources to projects in the Peace III programme.

Our Minister has had informal conversations with Minister Howlin in Dublin about the issue, and we have expressed our hope that it will be sorted out very quickly. Minister Howlin assured us that the Irish Government are firmly recommitted to the programme and that it is just a hiccup. I am sure that Pat will tell you that that issue is causing extreme angst with projects. We are doing everything that we can to resolve the problem. I am conscious of the time, so it might be useful to let Pat speak and then we could take questions.

Mr Pat Colgan (Special EU Programmes Body): I am very happy to take questions. The paper is on the table, and most of the issues are identified in it. Perhaps the most efficient way is for you to address specific questions. I am happy to deal with them.

The Chairperson: I will lead off and allow members to come in with questions. The Committee has been concerned for some time about the inordinate delay in getting approvals for INTERREG applications, the consequence of which is a concern that funding will not be spent. There is an issue with the need to do the rounds of the accountable Departments. From our perspective, having taken evidence separately — and collectively before — from the Department and SEUPB, there does not seem to be an agreement on how to shorten the process of going round accountable Departments. Every economist in every Department has a period to consider an application, make comment, ask for changes and, in some cases, people might cynically say, justify their existence. However, that delays projects to the point where they either do not go ahead or people are so fatigued with the application process that they are not inclined to go through it again. Is there any possibility of an agreement between you, SEUPB and the Department in Dublin for a shortening and streamlining of the process? The current process has been reduced from 50 to, perhaps, 40 weeks; the long-term intention is to get to 20 weeks. It will not get there if we are still on this merry-go-round of Departments. I am not arguing for a lack of accountability or a lack of proper scrutiny, but it appears that we have twice the amount that seems to apply in other EU regions.

Ms Young: We share your concerns. These are the programme's administrative arrangements that we set up at the beginning of the seven-year period. They were based on our public accountability arrangements and the fact that accountable Departments have to sign off all this money and be accountable to it. If there is any difficulty in not drawing the money from Europe, it is the accountable Department that, ultimately, is held responsible for any shortfall. Externally, perhaps there is a sense of over-cautiousness; internally, however, we see it as prudent management. That is reflected in the sense that audit and spending issues from the SEUPB's perspective are regarded very highly in European spending, and we pick and support good projects. We accept that there is room for improvement, and that is one of the questions that we will look at as part of our future funding developments. It was part of our informal reflections exercise, where we asked stakeholders for their views. We are engaging with accountable Departments to see how we can make that different and shorten the process. The average stakeholder said that it should take three months, which is 12 weeks; however, I do not think that we will ever achieve that. However, 58 weeks is far too long, and we both agree that that has to be streamlined in some way. We intend to do that as we develop the new programmes.

Mr Colgan: Our last discussion with the Committee was refreshing and helpful; it was frank and open and aired many issues. I underline what Maura said: we have a specific set of circumstances in relation to how the current suite of programmes works up until the end of 2013-15. We are beginning the process of looking seriously at the architecture and content of future programmes, and there are many lessons to be learned. We are both committed to looking at those lessons, and, within the constraints of the accountability requirements in Northern Ireland and in the Republic of Ireland, to looking at how we can improve significantly how we do things the next time round. The Peace programme is 100% committed; there is very little more that we can do about it. We are almost there with INTERREG IV. The last suite of applications is on the table, and we will get those approved before the end of the year. There is no point in tinkering with the architecture. We need to look forward.

Mr Humphrey: You are very welcome to the Committee. Can you update us on progress on Peace IV?

Ms Young: Peace IV is part of the package of funding that is being negotiated centrally. The difficulty is that although we are working on the draft regulations, on what might be in programmes and what we

might fund, until the budget is put together and signed off by all the member states, we will not know. We made representations informally and at the joint ministerial councils, which the junior Ministers attend. We have identified our need, requirement and desire for a Peace IV programme, and that has been recognised by the Treasury. It is now a question of choreographing when the UK and Irish Governments come together with a formal presentation to the Commission. In the meantime, the Commission has included the possibility of a Peace programme in the recitals of the draft regulations and identified that, in fact, a Peace programme would be acceptable, would be within the European Union territorial co-operation objective and would have the derogation that it does not necessarily have to have a cross-border partner for every project, as is normally required in the European Union territorial co-operation regulation.

That is where we are at the moment. It is now about the Governments' timing of when they put forward their formal requests for programmes.

Mr Humphrey: I want to pursue that. You talked about representations, choreography and feedback. Are you confident that there will be Peace IV?

Ms Young: It will not be for the want of trying.

Mr Humphrey: Six months ago, the OFMDFM Committee was very confident that there would be a Peace IV. If you do not mind my saying, you are being very guarded in your answer, although perhaps that is understandable. The confidence that was coming across from officials six months ago does not seem to be there now.

Mr Colgan: In fairness, think about what has happened to date. When asked, we have briefed the European Parliament's Committee on Regional Affairs; we have discussed it with the Cabinet of the Commissioner and provided briefing where necessary there; we have engaged with the relevant Departments, including the Department for Business, Innovation and Skills (BIS) in London when it wanted to talk to us about it. Generally, there is a very positive disposition towards it everywhere we go.

Maura is absolutely right. It is important to remember that, first, we do not have a confirmed set of regulations. The regulations are in draft format, so we are still waiting to see what will happen there. Secondly, we do not know the shape of the final budget, and it will be dependent on that. Thirdly, it is important to remember that this decision is taken formally at Council, at its final meeting, which is usually after the Budget has been agreed. The technical requirement is that the two member states involved — the UK and Ireland — should make a formal request. I do not think that the mood music has changed. Paragraphs 30 and 31 of Maura's paper sum it up very well.

Ms Young: It is important that we continue the choreography. It is not a done deal, but we are hoping that it will be, and that is what we are working towards. Both Departments have tasked SEUPB with developing Peace IV and INTERREG V, so we are hoping for the best and preparing for the worst. I do not see any sense that it will be the worst. I think that the mood music is that there will be a Peace IV; we just do not know what size it will be, what it will fund, where it will fall within the regulations and whether it will stay in the territorial co-operation objective. We do not know how that will affect the UK, because it could be top-sliced from its allocation. We do not know how they will deal with it, because they will have to manage that process in other regions in the UK that are also within the territorial co-operation objective. It is not a done deal, but we are not pessimistic; we are being very optimistic that there will be a Peace IV.

Mr Colgan: The most positive and optimistic statement that has been made is that the two member states have written to us asking to begin the formal consultation process in relation to Peace IV and INTERREG V. We will be kicking that off very shortly, with an extensive consultation.

Mr Humphrey: With regard to the SEUPB, Pat, I understand that you work with 16 Departments across the Republic and Northern Ireland, each of which is involved in decision making around the process. You made that point when you spoke to the OFMDFM Committee. Those have consistently been the views of members from all parties. I am not making a political point here, but, like other members, I have had groups expressing concerns about delays on decisions. Given the difficulties in the euro zone and the austerity measures that are being implemented in the Republic, is there a difficulty with the Irish Government signing off on applications on these issues, whether administration, finance or whatever? There are a couple of them; one in Belfast and one in Loughgall. You know what I am talking about. People have spoken to me with concern about those decisions. If they have

not been mentioned specifically to other members, others may have. I am concerned about the implications for the projects and their effect on outcomes and outputs. They will be seen as being negative on the projects and on the people who made the applications. It is not their fault, and it is not even your fault. Can you update us on where that is?

Mr Colgan: Paragraph 26 of the paper addresses the issue of the Department of the Environment, Community and Local Government; that is the only Department in the Republic of Ireland that is having any difficulty in giving us an approval to proceed with the issuing of letters of offer. We have had no substantial delays in approvals from any other Departments, on either INTERREG or Peace, on the southern side of the border. In general, there has not been a problem, although there is a specific problem here. It is to do with available voted expenditure in that Department. It is affecting projects under priority 1, themes 1 and 2 of the Peace programme. We are talking about a total of €54 million under priority 1, theme 1, split 60:40, so that 40% is the share on the southern side, approximately, and about €20 million-odd under priority 1, theme 2, split similarly.

We have had very active engagement with the relevant Departments and also with the Department of Public Expenditure and Reform in Dublin, the Department of Foreign Affairs, and the Department of the Taoiseach. We have discussed this at my own internal audit committee meeting as a risk and at our monitoring committee meeting, and I have informed members of the monitoring committee as to the nature of the problem and the potential risk that it could pose for us. We discussed it at the North/South Ministerial Council in the presence of Ministers Howlin, Wilson and junior Minister Anderson, who accompanied Minister Wilson; the Commission has also been informed.

The formal position is that we have a commitment from Departments that the Irish Government are fully committed to meeting their commitments under the Peace III programme. It just remains for the issue of money made available in the voted Budget expenditure of the relevant accounting Department to be sorted out.

Mr Humphrey: I will come back to that, and then I will let others come in; I do not want to hog the thing. I understand the Irish Government saying that they are fully committed; that is a political statement. However, is there the finance and the will to deliver the finance and ensure that it is implemented?

Mr Colgan: I am told that there is and that it is merely a question of putting in place the modalities to enable that to happen within the context of the way in which public expenditure is managed in the Republic of Ireland and in that of the constraints that each secretary general, and each set of officials, has to work within. I am told that a solution will be forthcoming very soon. You are right to point out that there are threats and risks to the projects involved. Some of them are capital build projects, and the longer we delay, the greater the problems and risks. I know exactly the projects that you are talking about, and I am sure that everyone around the table will have their own particular ones that they are aware of.

The Chairperson: It was remiss of me not to ask back the people that we had for the legal advice in the previous session. Perhaps Jim or Dominic would gather them up when we are done.

Mr P Maskey: My question relates to paragraph 26, the letters of offer. It follows on from William's point. There are groups talking to the Committee. Probably every member in the room knows of projects waiting on letters of offer. They need confirmation of whether they will get them. Paragraph 26 states:

"several projects have yet to receive their letter of offer."

How many is several?

Mr Colgan: There are 12 under priority 1, theme 1; there are probably another two that will come in under that as well, so we are talking about 14. Under priority 1, theme 2, there are about 20. Those are smaller projects.

Mr P Maskey: With how many of those projects is there an issue with Department of the Environment, Community and Local Government?

Mr Colgan: All 12 under priority 1, theme1, and all those under priority1, theme 2 ,are affected by DECLG, because that is the accounting Department for both parts of the programme.

Mr P Maskey: Is that because the Department must put support finance into them?

Mr Colgan: Yes. It provides the 25% match funding and the cash flow that we need to pay for the projects. We then claim back the money from the Commission in arrears. We do not just get the match funding — *[Inaudible.]*

Mr P Maskey: *[Inaudible.]*— draw it back, and they get whatever is left over.

Mr Colgan: It is a significant issue.

Mr P Maskey: I appreciate that. What is the total amount of money from DECLG?

Mr Colgan: As I said, the total amount involved in priority 1.1 is approximately £54 million; we are talking about 40% of that accruing, which is slightly over £20 million. In priority 1.2, it is about £24 million, so the total gross figure, North and South, is £72 million.

Mr P Maskey: Does some of that come from DFP?

Ms Young: Yes; 40% comes from DECLG and the rest comes from DFP.

Mr Colgan: Not DFP. It is not an accountable Department in the Peace programme; it is the Office of the First Minister and deputy First Minister (OFMDFM).

Mr P Maskey: My apologies.

Mr Shaun Henry (Special EU Programmes Body): And the Department for Social Development (DSD).

Mr Colgan: DSD is another one. The capital build project at 1.1 is DSD and DECLG; in 1.2, it is OFMDFM and DECLG.

Mr P Maskey: OK. Therefore, DSD and OFMDFM are across the line; there is no issue with them. Their money is in place.

Mr Colgan: There is no problem with the available budget.

Mr P Maskey: OK. What is the total budget from DECLG?

Mr Colgan: As I said, it is approximately £20 million on the Southern side for 1.1 and approximately £8 million for 1.2. We are talking about £28 million.

Mr P Maskey: When did you most recently raise it with the Department?

Mr Colgan: Yesterday; I talk to the Department every day about it.

Mr P Maskey: Perhaps the Committee could write to the Department because this is having a massive effect. We need to put the pressure on, so perhaps we could talk about that afterwards.

Mr Colgan: As I said, my officials and I are in touch with the Departments regularly.

The Chairperson: If you give the detail to Cathy, perhaps we could draft a letter.

Mr McLaughlin: You have given us a very good explanation of the issues that you are wrestling with and your ability to issue decisions and clearances when you are given the necessary green light. Is there any contingency for the applicant groups that run into additional overheads or costs when awaiting a decision?

Mr Henry: When we issue a letter of offer for projects, we can backdate it to make it retrospective to cover the period for projects that are operational.

Mr McLaughlin: I am talking about additional costs.

Mr Colgan: Such as interest?

Mr McLaughlin: Yes. They go through the whole economic appraisal. Clearly, it is cut to the bone; it is pared as cost-effectively as they can, and they go into bridge funding and so on.

Mr Colgan: Once the budget has been cleared with us, we will sit down with each individual project and look at the budget that has been approved; we look at the conditions that are imposed in the letter of offer, and we will discuss with them any problems or difficulties that might arise at that stage. If we need to make provisions for it, we would do that in our procedures. If we have any discretion over it, we will look at it; if not, we will go back to the relevant steering committee.

Mr McLaughlin: Say that there is a delay that is not your fault and not their fault that results in their original budget being — I am not talking about it being massively underestimated — affected detrimentally because they have had to arrange facilities. Are you saying that that is taken into consideration?

Mr Colgan: Shaun's point is that any expenditure that has been incurred to date is eligible expenditure, provided that it has happened within a certain period. We would take that into account when we make our final letter of offer.

Mr McLaughlin: I think that I am reassured.

Mr Cree: I want to ask about Peace IV and INTERREG V. You talked about the fifth round of INTERREG funding; perhaps you will expand a bit on that. In your memorandum to Shaun on 12 March, you referred to the various council regulations. They are all 2006. Have they not been updated over the past six years?

Item 3 of the same report talks about the resources available to the body. You suggest that, if there were sufficient economists, it would make life easier and would perhaps speed things up. I understood that you had economists seconded from DFP. Perhaps you could update us on that.

Mr Colgan: The regulations are looked at for each programme period, so the current suite of regulations is in force for the period 2007 to 2013. Regulations are always reviewed moving into a new programme period, so we have a new suite of regulations on the table in draft format, which are being discussed by the member states.

Mr Cree: A draft only, so we are still working on 2006 regulations.

Ms Young: Yes; but there have been updates to the 2006 regulations for specific reasons. Those could be something to do with simplifying new processes. There would have been amendments to the 2006 regulations, but they are fundamentally the regulations that we are —

Mr Cree: Could we possibly have an update on those?

Ms Young: Yes, we can send you them all.

Mr Colgan: We have two economists seconded to us from the Department of Enterprise, Trade and Investment, and we appreciate their input. We do not have any more than that. We have been in discussions with DFP about improving the efficiency of assessing projects, and we have made progress. Working with DFP as accountable Department for parts of the INTERREG programme has certainly helped us and speeded up things.

Mr Cree: Did DFP second anyone to you?

Mr Colgan: It is thanks to the good offices of DFP that the two economists that I mentioned were seconded.

Mr Cree: From DETI.

Mr Colgan: From the economists' section of DFP. We could do with more.

Mr Cree: Perhaps a word more on INTERREG V?

Ms Young: We have tasked you to start the process of INTERREG V, and we will be feeding Pat through some of the information that is coming forward from the informal reflections consultation. Developing the programme and the formal consultations will fall to SEUPB, so perhaps Pat would like to say a word about that.

Mr Colgan: Shaun will be taking the lead on that.

Mr Henry: We hope to launch a formal public consultation towards the end of the summer for both programmes. We are aware that we will be launching the consultation within the constraints of working under draft regulations and the fact that there has been no agreed budget for the programmes. Although recognising those constraints, we see merit in requesting the views of stakeholders in the autumn to give people the opportunity to reflect on what worked well with the current programmes, what could be improved in the new programmes, and to look at what opportunities are in the draft regulations for investing the European funds.

We see that as an initial informal consultation period during the autumn with a view to producing a draft outline operational programme towards the end of this year or the beginning of next year. We then see ourselves going to formal public consultation on that draft operational programme during 2013.

As well as running that consultation process, we have to carry out an extensive ex ante evaluation of the emerging programme, a strategic environmental assessment and an equality impact assessment. Those three assessment processes will run in parallel with the consultation processes.

Mr Girvan: How has the release of funds from the Republic of Ireland affected projects? Are there contractual agreements? As was mentioned, many organisations and groups have employment related to some of those projects. Have they had to put members of staff under protective notice? We are losing many good people from the community sector simply because they do not have security of employment. I would like to know the time frame in which that has been running. We have had difficulty in getting letters of offer signed by the two Departments in the Republic of Ireland.

Mr Colgan: The time frame issue has been on the table for the past number of months, but it largely crystallised and came to a head just before our last monitoring committee meeting, when we had to decide where we were with it. That was at the end of April. As I say, we are dealing with this very intensively on an ongoing, regular basis with the Departments involved.

I have written to representatives of all projects involved, explaining the situation and circumstances and offering to meet them to see what kind of difficulties this is causing for them. We have met some — those who wanted to come in and talk to us — and have looked at ways of helping them. For example, one of the ways in which we have been able to help those with an existing letter of offer on the table is by looking to extend the time over which that could be done and to give them the capacity to absorb any slippage moneys that might have been in their original allocations. Therefore, we have tried to provide some flexibility, and that has been helpful in a number of situations. However, there are groups out there and specific capital build projects that I believe are coming under pressure now. I think that it would be wrong of us not to say that. I am particularly concerned about the capital build projects, because, in here, we are talking about planning issues and the usual technical issues that are associated with such projects, and, with summer approaching, it is important that we get them up and running as soon as possible. I have been putting all those points clearly to the Departments involved. They are very aware of them, and I am very satisfied that they are taking the situation seriously.

Mr Girvan: I sometimes wonder how seriously. Tea and sympathy is all very good, but it does not resolve the issue. Letters of offer are good but, being what they are, you cannot take them to the bank as a basis on which to extend an overdraft or get additional funding to allow your business to continue.

The other problem that I have is that some of the projects are in jeopardy because of the time frame. Are we outside the window for delivery and spending? There may well be a good reason for holding back on signing off letters of offer; for example, Departments may not have the money. Has how that will impact on groups and whether some of the projects can be delivered been looked at? If you delay until the summer, it could be September before they start, so they would run out of time and default.

Mr Colgan: We are very aware of all those issues and are in daily discussion with project teams and Departments on every one of those points. Specifically, on the matter of taking a letter of offer to the bank, once we have a letter of offer on the table, we are in a position to look at the financing requirements of an individual project, and, where necessary, we can provide advance funds. Therefore, we can get money to projects fairly quickly once a letter of offer is in place. Once we have that piece of paper, we can generally sort out cash-flow problems fairly quickly.

Mr Girvan: Is there not an element of responsibility on the Republic to get these signed off? If it does not, are we left carrying the can for the total spend committed to in the letter of offer?

Mr Colgan: There is no commitment until the letter of offer is on the table, so there is no risk. There is a risk to the programme, although it has plenty of capacity to absorb the funds that are there. However, there is no risk to the amounts involved until that letter of offer is finalised. To clarify that, the Department involved signals its willingness to provide the funding to us, and the SEUPB then issues the letter of offer with that authority. I sign the letters of offer that go to the projects.

Mr Humphrey: I welcome your daily commitment to trying to resolve these issues. Planning is a huge difficulty in Northern Ireland, and it can take extraordinarily long for these groups involved in capital investment. That is another issue that can also place huge obstacles in the way of outcomes and delivery, although you are clearly mindful of that.

I have two questions. First, is a letter of offer a legal and binding document for those who receive it that allows them to take things forward and provide that certainty? Secondly, is the Irish Department of the Environment, Community and Local Government undermining the whole concept and future of Peace IV and INTERREG V by its behaviour?

Mr Colgan: The letter of offer is a binding contract on all persons who were party to it. It is used by us to the lead partner, and, yes, it is a binding contract. Once it is on the table, the commitment has been given.

Secondly, it is too early to say whether this is having a fundamental negative impact on Peace III or on the potential for Peace IV. Obviously, none of us would have liked that to have happened. It has not damaged our reputation in any way with the Commission, and I do not believe there are any substantive issues there. I do not believe that there is any immediate threat to Peace IV at all; I do not think you can register it in that regard. It is a technical issue in the programme management and implementation, which is an annoyance and an irritation, but I think we are all working towards getting it.

Mr Beggs: Thank you for your presentation. I note the detail that you have provided, but one area that I am interested in is the level of overcommitment that I see in Peace III and INTERREG IVa. I am curious as to how you manage that. I see, for instance, that in theme 1.1, "Building Positive Relations — Local Plans", there is an overcommitment of around 12%. There are substantial sums involved — £12 million, £11 million, another £12 million and another £10 million — all of which are overcommitted. How do you manage that? What would happen if it all came in? Under theme 2.2a, "Environment", in INTERREG IVa, there is a 30% overcommitment. How do you manage that?

Mr Colgan: That is a normal feature of programme management in programmes with this kind of complexity and length of timescale. It is one of the things that we, as programme managers, have to do. It is important that we make a prudent overcommitment, because there invariably is slippage. If you look on average across the whole of the Peace programme, we are talking about a total overcommitment of roughly €8 million, which is approximately 2.3%. That is a prudent level of overcommitment for us.

Mr Beggs: Therefore, you have flexibility to move from one area to another?

Mr Colgan: If you get into the individual parts of the programme, you will see that it is higher here or lower there, and it may involve our coming to DFP at a certain stage and suggesting that transfers may happen, if and when that is necessary.

Ms Young: The SEUPB will have to come to us and to the monitoring committee to move money around the programmes as necessary to get the proper financing plan in at the end.

Mr Colgan: It is a normal part of our life.

Mr Beggs: In planning ahead, and hopefully there will be a Peace IV, are you satisfied that you have sufficient indicators to measure the outputs from Peace III so that, when you look at individual programmes, there will be lessons learned so that long-term benefit is achieved and not just some sort of short-term hit?

I was quite amazed when I looked through the number of projects and the values — £1 million, several hundred thousand pounds — that I have not seen anything less than £100,000. There are significant sums involved. Some of those are very obvious, as they are coming into councils. I declare an interest in that my dad is in the North East Partnership, which has the Gobbins project. I am looking at how you try to learn lessons to get a better-quality programme together, with better value for money, and ensure an appropriate spread, because I am conscious that in my own area that there is a very weak infrastructure, and, as such, there has generally been a shortage of applications for whatever type of funding has been available over the past number of years. Do you look at a geographical breakdown of where the money is going to try to identify where there are weaknesses and where issues need to be addressed?

Mr Colgan: You have raised a few points there. I will make one or two general points and then ask Shaun to come in on some of the other details.

Every application to the programme must provide a set of indicators that indicate what they say will be achieved both as outputs — shown as accountable, physical results — and also outcomes or long-term impacts. Once that is approved as part of the approval and assessment process and has gone through the usual economic appraisal, it is subject to a more detailed scrutiny by the Northern Ireland Statistics and Research Agency (NISRA) on our behalf, once a letter of offer is in place, to identify more detailed, more realistic indicators. We are trying to get a realistic picture of what is achievable.

We also have an additional layer of assessment attached to that, which we call Aid for Peace. That is an evaluation methodology that we introduced into this particular programme to try to get a deeper insight into the longer-term impact of the kind of things that we are trying to do. As part of our monitoring process, we are constantly gathering data, which is then entered on to our database.

We are in a position to have gathered quite a lot of information on what projects propose to do. We then monitor what they actually do. We will be able to have a look at that.

We are getting close to a formal evaluation of Peace III, which will be done by an external, independent evaluator. Shaun, do you want to come in here?

Mr Henry: We have commissioned a formal evaluation of the Peace III programme. We hope that that work will start over the next number of months. An independent evaluator will look at the full suite of projects funded, the indicators that Pat referred to — the output, result and impact indicators — and comparing the achievement of the programme with the targets set out in the operational programme. We believe that that independent evaluation of the Peace programme will be a very important input into the planning of the new programmes. It will give an independent assessment of what is working well and what can be improved. We hope to carry out a similar exercise for the INTERREG programme and, likewise, input it into the planning for new programmes.

You can take assurance from the fact that monitoring and evaluation of all EU programmes is extremely rigorous and robust. The programmes generate a wealth of monitoring and evaluation information. The challenge is trying to distill that information into coherent lessons. That is a process that we are currently involved in.

You mentioned the geographical spread of the programmes. We view the involvement of local government as critical in ensuring that there is a geographical spread of the programmes. Within the Peace programmes, we have the clusters of local authorities working to implement priority 1, theme 1, and through those clusters we ensure that every local council area is fully involved in the Peace programmes. Likewise, with the INTERREG programmes, the cross-border groups, and the involvement of local authorities on those groups, ensure that there is widespread geographical involvement in the programmes.

It is important to note that projects have to be assessed on merit. Those that are seen to fit best with the objectives of the programme attract funding. Although we monitor and are aware of the geographical impact of the programme, outside of the moneys that we give to local authorities, there is no particular geographical allocation of moneys.

Mr Colgan: I have to say that, as programme managers, we are very aware of the need to be fair and equitable in distribution. For example, Shaun referred to priority 1, theme 1, which has about €140 million in it, €100 million of which is distributed through the local authority groupings on both sides of the border. The other €40 million is distributed through lead partners who work on a region-wide basis, which is all of Northern Ireland and the six border counties of the Republic of Ireland. Therefore, they have built into them a natural and equitable geographic spread.

Priority 2, theme 1, which is "Creating Shared Space", is a capital build programme. If you look at the projects involved, it demonstrates a shared and very fair distribution of funding, €82 million of it, across the region, in cities such as Belfast, Derry/Londonderry, along the border area and in some rural areas. There is quite an interesting suite of capital build projects in there. The final part of the €40 million is for building capacity for a shared society. Again, we think that that is fairly evenly distributed. We are very aware of the whole thing.

Mr Beggs: I am particularly concerned about the fact that there continues to be high paramilitary influence in disadvantaged communities in my constituency. Programmes have not heavily touched disadvantaged communities, a number of which are in my constituency. From memory, no applications were made to, for instance, Proteus, under Peace II, for educational training. How do you ensure that that cycle is broken and that people are given the skills that will enable them to move to a normal routine and into employment and to move forward in a peaceful society?

Mr Colgan: We recognise that there are still pockets of our society that are not fully participating. We have made enormous efforts to reach out, and to reach in, by working with elected representatives, community and voluntary groups, local authorities, statutory agencies and other civic society representatives to help us ensure that we gain access. I am quite sure that there is still work to be done there. Some communities still have a lot of difficulties in that regard. We are very open to working with all the stakeholders to try to improve that.

Mr Beggs: I will perhaps continue this conversation later.

Mr Colgan: I would like that.

The Chairperson: Thank you very much. Again, apologies for delaying you. It was useful to go through the session anyway.

Mr Colgan: Thank you.