



Northern Ireland
Assembly

Committee for Finance and Personnel

OFFICIAL REPORT (Hansard)

Peace and INTERREG Funding —
Evaluations 2007-2013 and Future
Programme 2014-2020: Briefing from
DFP/SEUPB

12 June 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Daithí McKay (Chairperson)
Mr Dominic Bradley (Deputy Chairperson)
Mrs Judith Cochrane
Mr Paul Girvan
Mr John McCallister
Mr Mitchel McLaughlin
Mr Adrian McQuillan

Witnesses:

Mr Frank Duffy	Department of Finance and Personnel
Ms Maura Young	Department of Finance and Personnel
Mr Pat Colgan	Special EU Programmes Body
Ms Gina McIntyre	Special EU Programmes Body

The Chairperson: I welcome Frank Duffy, Maura Young, Pat Colgan and Gina McIntyre. You are much closer than usual. I do not know who is more intimidated: you or me. Pat, do you want to make a brief opening statement to kick us off? We will then go into questions.

Mr Pat Colgan (Special EU Programmes Body): Thank you very much for asking us to come and fill you in on the work of programme preparation and evaluation. I am very happy to be able to inform you that significant progress is being made on the preparation of the new programmes for Peace and INTERREG; that is, Peace IV and INTERREG V. At the same time, a mid-term evaluation exercise is being carried out on both programmes, and that has reached final draft stage. We are now looking at that, and we will be discussing it with our monitoring committee.

In relation to the new programmes, we had what I would call a very enthusiastic response to our consultation exercise that happened at the end of last year. We organised about 20 different events in Northern Ireland border counties and in parts of western Scotland to facilitate people to give us their ideas and suggestions and also to make comments on the programmes to date. We had about 1,000 participants through the door at those events, and we subsequently received 173 written submissions. You can find all of those on our website, and I invite you to have a look at them. However, much more helpfully, we have published a detailed summary of those written submissions, which is being used as the basis for discussions on the preparation of the new programmes.

A programme development steering group, which we agreed with the Department of Finance and Personnel and the Department of Public Expenditure and Reform, is in place. That contains representatives from the member states and all the other key stakeholder groups. That group meets

regularly — we had a meeting yesterday — to keep an oversight of the overall development of the programmes.

We are now at the stage where we have some idea of the kind of themes for both programmes that we will be recommending to the member states and the Northern Ireland Executive for approval and inclusion. The themes for the Peace programme are all generally under the broad theme of social inclusion and combating poverty. The specific themes that are emerging from Peace III have a very heavy emphasis on young people; on youth generally, but particularly on those in the most deprived wards and areas. There is quite a lot of emphasis on young people in Protestant/unionist/loyalist areas and their educational attainment and ability to participate in and access education. Indeed, that emphasis on young people in general and on youth in disadvantaged areas specifically is across both main communities. There is a big emphasis on education. A very significant part of the consultations advocated that the programme should involve itself in promoting or encouraging some form of integrated/shared education. Those are themes that are on the table.

There was also a lot of enthusiasm for the continued involvement of local authorities in the Peace programme. The local authority clusters were seen as one of the most successful parts of Peace III. There is recognition that the introduction of RPA and the shadow councils in 2014, in particular, is an opportunity for us to match the configuration of RPA as we go into the new programmes. That is part of what we are thinking of. Indeed, we think that the work of Peace and INTERREG dovetails very well with the new functions that are being transferred to local authorities and the whole question of community planning that the local authorities are engaged in.

In summary, that is where we are. I have given you two papers, and I am very happy to take questions or to elaborate on any particular element.

The Chairperson: Pat, was the formal mid-term evaluation of Peace III due to be completed this April?

Mr Colgan: No. The formal evaluation of Peace III will be completed as part — it is an essential part — of the programme preparation process. There will be another meeting of the monitoring and evaluation working group, which is part of our monitoring group, in June, and it will consider the final draft report. It is on schedule.

The Chairperson: When will it be completed?

Mr Colgan: I would say that it will be finished during June or into early July, and we will submit it to the member states shortly after that. That parallels what is happening on the drafting of the operational programmes. We are looking to have those finished around about July, so that they will go to the Northern Ireland Executive and the Irish Government in August for consideration and, hopefully, speedy agreement. We would then come back for a statutory 12-week public consultation in Northern Ireland, the border region and western Scotland for the INTERREG programme, with a view to getting them approved by the end of the year and submitted to the European Commission in the early part of next year.

The Chairperson: The Special EU Programmes Body (SEUPB) paper that we received points out that 15 stand-alone case studies were identified to provide qualitative evidence regarding the results and impacts across a range of the funded projects. What projects were selected for the case studies? On what basis were they identified?

Mr Colgan: I will be able to submit a list of the projects to the Committee, if that is acceptable to you. The projects would have been selected as part of the methodology agreed with the evaluators in order to have a cross-section of projects that were representative of the various themes in each of the programmes and the various types of interventions that we had. I would be very happy to submit to the Committee a list of the actual projects that were selected.

Mr D Bradley: Good morning. You said that one of the emerging themes was educational under-attainment, especially in Protestant/unionist working-class areas. Certainly, there has been plenty of evidence of that. To what extent will your interventions dovetail with existing policies that are being promoted by the Department of Education?

Mr Colgan: One of the things we are doing as part of programme preparation is consulting in great detail with the key policy Departments on both sides of the border and with key stakeholders and players in the region. We are sharing with them the results of the consultation. Anything that we do would have to be complementary to and supportive of that whole policy direction.

Other actors in the field have come to us and asked us to take on board their views, and we are doing that. The programme cannot and will not work outside the broad policy direction for Northern Ireland and Ireland in those areas. Everything that we do will have to be policy-proofed.

Mr D Bradley: One of the difficulties in areas of social disadvantage in both communities is that education is not seen as something of value to families and individuals. That leads to people being directed away from education, rather than being attracted to it. The Department of Education has taken some steps to try to break down that attitude. I do not know whether you have seen the TV adverts and so on about that. Have you considered any particular actions that would help to dissolve that attitude and establish a more positive attitude in those areas towards education as a means of personal economic and social development?

Mr Colgan: In an ideal world, we would like to set ourselves a target that the output of the work of Peace III in this area should contribute to the improvement of the educational attainment levels of targeted schools in targeted geographical areas in Northern Ireland and the border region. We recognise, however, that that is a very complex thing to try to do. The issue of educational attainment within those schools is linked not just to the institution of the school itself but to the whole culture of the society within which those children are living. Therefore, any intervention from the Peace programme would need to be rounded and focused not just on the institution itself but on working with the communities and with other actors and players in those communities to try to support, perhaps providing additional resources. We have been informed that there are many initiatives and suggestions from many different quarters as to how that might be done. There is a sense from some quarters that perhaps there is over-involvement in that area, so we feel that we will need to come up with something creative and attractive that the teachers, families and parents can buy into so that we can actually make a difference in the region. That is work that is still to be done. We recognise that it is not simple.

The way in which the programmes are being prepared, in line with the new EU regulations for cohesion policy generally, is with a much greater emphasis on outputs. We have to define exactly what it is that we are going to achieve with the investment that we make through the programmes. There is less emphasis on inputs and monitoring of inputs and much more emphasis on results and outputs. It is a challenge for us to identify what sort of output or result we hope to achieve in that very difficult and complex area.

Mr D Bradley: For the most part, schools alone cannot achieve the outputs that you are talking about, and possibly neither individual families nor communities can do so on their own, so it is about having the community, the family and the institution working hand in hand towards common goals.

Mr Colgan: That is it.

Mr D Bradley: The things that you have mentioned — social inclusion, combating poverty, youth educational under-attainment and so on — have a certain interlinkage between them. Will the programmes be designed in such a way to ensure that they are not stand-alone and that there is an interlinkage and dovetailing between the programmes?

Mr Colgan: Yes, I think that the way in which the programme is emerging is as quite a strategic programme with a range of interventions. We will have one single priority for the programme instead of having two or three. Under that priority, there will be three or four key areas of intervention, each of which will be interlinked. Along with the question of educational under-attainment, for example, there is the whole question of working with the group of young people called NEETs — those aged 14 to 24 not involved in education, employment or training. We feel that we can do something there to create opportunities for them, even, for example, by providing experiences, including experiences abroad in Europe for targeted groups. Those experiences could be organised on a cross-border and cross-community basis. It would not just be a single intervention in one particular area. It needs a strategic approach to the whole thing. As I said, we are working very closely with the statutory providers and policymakers in the key policy Departments to ensure that we are in line with policy. It presents a significant opportunity for us to try to do something significant in that area. If we can bring some

resources to bear on it, over and above what is already in the system, we can probably make some kind of difference.

Mr D Bradley: Finally, you talked about the emphasis that you are placing on outcomes. Will you have, designed into the programmes, means of monitoring the progress towards the outcomes on a regular basis?

Mr Colgan: It is an essential requirement in the drafting of the current programme architecture that we do that. The Commission will be putting in place a performance framework, which will basically say that, if there is no evidence of you achieving certain milestones or progress towards the achievement of the outputs, your payments could well be suspended. It is built into the structure and architecture of the programme that that will need to be done, so it will have to be properly resourced and done in a consistent and planned way.

Mr McQuillan: You are very welcome. In your opening remarks, Pat, you said that you were going to focus on young people and education, and that is very welcome. How can you assure the Committee that projects will move a lot faster than they did before? One of the biggest complaints about projects was that they moved too slowly and fell down because people moved on.

Mr Colgan: That is a very important part of our deliberations and considerations. Indeed, we got a lot of evidence on that in the consultation responses that we received. It mirrors things that I have been saying to this Committee over the past number of years. We have expressed to you our views about the changes that need to be made in order to ensure that things will happen more quickly.

We are in discussions with the two key Departments — the Department of Finance and Personnel and the Department of Public Expenditure and Reform in Dublin — about our suggestions as to how we might simplify the structure of the programme and the decision-making procedures and ensure that there is a much speedier assessment and approval of projects that will allow them to work their way through the system much more quickly. Those discussions are ongoing; they will happen over the coming weeks and months, and we will include our recommendations and suggestions in the draft operational programme that we will put to the member states for consideration.

Mr McQuillan: Will you give us some background on the monitoring and evaluation working group? The briefing paper states that its members are from the Department and other agencies.

Mr Colgan: The monitoring and evaluation working group was set up under the aegis of the monitoring committees of the various EU programmes. It spans all the EU programmes in Northern Ireland and the border region and comprises representatives from our monitoring committee. In general, it includes representatives of Departments but also elected representatives and people from the community and voluntary sector who are eligible to be part of it.

It is sometimes difficult to get people to take part in committee work. As members of this Committee know very well, it is hard work; there is a lot of paperwork to work through and detail to deal with. In fairness, we have a very engaged committee.

Mr McQuillan: I want to ask about social inclusion, especially in rural areas. There are pockets that are not really hitting any big targets and areas are being overlooked in social inclusion. How do we drill down into that and make sure that people in those areas are not missing out?

Mr Colgan: There are two ways to do that. We will look to work closely with the local authorities —

Mr McQuillan: Sometimes, even the local authorities miss those people as well.

Mr Colgan: I know; you are right. That came out in our consultation as well. We will look to ensure that the local authorities' action plans for the Peace programme, and the INTERREG programme, target those areas.

There are opportunities to target areas outside of the work of local authorities. We are aware of the issues. We did quite a lot of work in Peace III and INTERREG IV in this area, and we have a fair amount of information on it. I welcome your emphasis on it, because it is something that we need to bear in mind.

Mr McQuillan: We need to shed some light on it and try to improve the situation.

Mr Girvan: Thank you for your paper. I want to return to Adrian's point. The feedback that you get from people who took part in the Peace III programme is that they became somewhat frustrated with the bureaucracy. I do not know whether that is SEUPB bureaucracy, because other member states seem to be able to do certain things with more flexibility than we do. How can we ensure that those groups do not lose confidence in applying?

Let us be honest; Peace IV is coming forward and, whatever happens with that, there are groups that have told me that they will never go through the process again of having to jump through hoop after hoop. They have had small pockets of funding and have come close to the end of the programme without any indication that it will continue. They have lost key people who cannot afford to sit back and say that funding for their project will continue, so they find alternative employment. Those people have been instrumental in moving this country to where we are today. As a consequence of their leaving, the wheels come off the wagon, and you lose some very good projects because of bureaucracy. To use Mitchel's term, the "bean counters" say this, that and the other, but irrespective of what happens, I wonder if we are being overly bureaucratic in the way that we deal with stuff.

The other point is in relation to the clusters. I am thinking about Councils of the Metropolitan Area (COMET) and groups such as that, which do not necessarily reflect the new coterminous boundaries that will be set up with our reorganised councils. What will happen, considering that some of those new councils will be up and running before we have dealt with the outworking of this? What mechanisms are in place to deal with that?

Mr Colgan: I will take your last question first. We envisage that the new programmes will start off working along the boundaries of the RPA, and we would see the clusters in Northern Ireland reconfiguring themselves to match that. That is the desire that has been expressed to us from the Society of Local Authority Chief Executives (SOLACE) and the Northern Ireland Local Government Association (NILGA) and from the clusters who are saying that they would like to start off on that basis. So, from the very beginning, we are ensuring that it is built into the architecture of the programme.

Similarly, on the Southern side, there have been changes and reforms in local government recently, which facilitate the emergence of social economic committees under the aegis of the local authorities down there. We see that as a positive development and one that will enhance our ability to work with the local authorities in the border region along the lines of both programmes.

Your first point was about bureaucracy and a bean-counting culture. That is a favourite topic of mine, which I have returned to many times at this Committee when I have had the opportunity to come and talk to you about it. There are two dimensions to it, which I will refer to. I have already alluded to the first one, which is the ability to get projects assessed and approved in a speedy manner. The way that we do it in Northern Ireland is unlike any other of the 63 INTERREG programmes around Europe. In all the others, the average approval time is between 20 and 26 weeks. Ours takes a minimum of one year. In some cases, it takes two years, and there are projects that have been on the table for over three years. The reason for that is that we do not have a single decision-making structure. The single decision-making structure would be project application, assessment, economic appraisal, where necessary, and submission to a steering committee set up by the monitoring committee where the final decision would be taken. We go through that process as part of our programme architecture, but, in addition to that, we have to submit it to the relevant accountable Department to go through its decision-making procedures. That is where the delay is happening.

Mr Girvan: What do you mean by accountable Department? For argument's sake, where we are dealing with community groups, what is the accountable Department that is causing the logjam?

Mr Colgan: The Office of the First Minister and deputy First Minister and the Department of the Environment in Dublin are the two accountable Departments for theme 1.1 of the Peace programme. I have to say that they have not been the most difficult to deal with. There are other Departments where it is taking much longer to get decisions made. We deal with 16 different accountable Departments across Northern Ireland and the border counties. We draw down money from 16 different accountable Departments, and we have to get our projects approved through the 16 different accountable Departments.

My point is that there is a simpler way of doing it, and we are in discussions with the member states as to how we might do that. It has implications for the way in which the finance flows through the programmes, and it has implications for the structures of accountability and governance that you build into the programmes. There is an opportunity now, with the design of the new programmes, to take that on board and into account. So, we are at a position now where we could make a difference. Our recommendation to the member states will be in and around that. Obviously, whatever is put in place has to take account of proper expenditure — proper public expenditure guidelines and proper governance and control of public expenditure — but you can do that, as many other EU programmes do it around Europe, while still retaining a simplicity in flow and decision-making.

Mr Girvan: As a body, what flexibility does SEUPB have to influence any of those issues, excluding the delay with the external Departments? That is something that we have to try to take on. What can you do in your organisation to streamline that process?

Mr Colgan: The architecture of the current programmes was agreed at the beginning of the programme period. We do not have any flexibility in relation to that. We are now looking at the new programme period, which will begin next year. It is the design of the new programmes that we need to be looking at.

Mr Girvan: Of moneys that are drawn down by Whitehall to be dispensed through the SEUPB within Northern Ireland, what percentage is spent in Northern Ireland and what percentage is spent in the border counties and ends up in the Republic, being spent on the Donegal side and so on?

Mr Colgan: The money is drawn down from the European regional development fund (ERDF) allocation within the United Kingdom and the ERDF allocation within the Republic of Ireland. That money becomes the capital that is available to the programme —

Mr Girvan: They split themselves into three different groups in the South so that they can maximise spending in certain areas.

Mr Colgan: That is a completely different set of programmes. The money that is available for cross-border co-operation programmes — the INTERREG and Peace programmes — is earmarked. There is a completely separate pot for that.

Ms Maura Young (Department of Finance and Personnel): It is approximately an 80:20 ratio in the Peace programme: 80% for Northern Ireland and 20% for the Republic. For the INTERREG programme, the ratio is 72:27 in Northern Ireland's favour.

Pat was right when he said that we are looking at the delivery mechanisms going forward. However, the delivery mechanisms for the current programmes were set up in respect of the requirements of our public expenditure system. Accountable Departments are accountable for all the money that flows through their Department and the SEUPB and out to projects. It is not just a government contribution. We underwrite all the EU money until the EU receipts are received from Brussels by the verification and declaration of expenditures that SEUPB gives the Commission. Therefore, it is very important that the moneys that are coming through Northern Ireland Government voted allocations, whether it is an EU project or a Northern Ireland project, are treated in exactly the same way. I agree with Pat that there are certain areas we need to look at to see whether there are simplification measures that could be taken, where we can hide the wire from the public and have slightly more efficient processes. However, if, going forward, we have the processes that we currently have for a number of accountable Departments — North and South; it is not just a Northern problem — there will still be modalities that must be respected. Those are conversations that we will have to have with the accountable Departments as we develop the new programmes.

Mr Girvan: My other point, which I will use as an example, is in relation to local action groups (LAGs) through the Department of Agriculture. What was perfectly OK for an accountable operation in 2010-11 changed dramatically in 2011-12, when they were looking for additional information. It has become much more difficult for people to go through the process and make the applications.

There is a perception in my community that EU funding has a prevalence of going towards one section of the community. I appreciate that there is a table in our papers that gives a very clear breakdown to show that funding is relatively well measured. What are you, as an organisation, doing to address the cultural perception that, within your organisation, you lean towards one section of the community? It is

a perception; I acknowledge that. However, that what is being said to me. I am sure that many other people from my side would say the same thing.

There was an indication of an increase of staff in the organisation at one stage. I think it went from 40-odd —

Mr Colgan: From 45 to 65.

Mr Girvan: That was to deal with one area where work had to be dealt with in a short time. They were brought in, according to the business case as explained to us, for the short term. Those people are still in the organisation. Can you explain that?

Mr Colgan: You have brought up three points, and I am happy to deal with each of them. The first point refers to your previous question, which was about bureaucracy and the other side of the bureaucratic coin, which is the bean counting and the financing and verification side of things. SEUPB has no discretion in that area. We have to implement what are, largely, member state rules. I refer in particular to the whole question of the Northern Ireland public procurement policy, which is one of the major issues relating to the bureaucracy that we have to deal with. We have made changes, in close participation with our colleagues in the Finance Department here, to try to simplify things by, for example, raising the ceiling of expenditure to €5,000 before you have to engage in complex procurement policy. The feedback that we are getting on the ground is that that has been very helpful. We have also introduced flat-rate payments for overheads within organisations. Again, we are being told that that is very helpful. Therefore, efforts are being made.

However, going into the new programmes, we have an opportunity to go even further, and the regulations provide opportunities for simplification, which I think we should be trying to take advantage of. For example, expenditure up to €100,000 could be done on a project basis, related to a particular set of outputs. Once you show us that you have trained 100 people in a certain way, for example, x amount of money would be paid for each one of those training places and that could be paid on the basis of one single invoice. There are opportunities to do that sort of thing in the new programmes. We will be discussing those with the member states and putting suggestions on the table.

Mr Girvan: Before moving off that point, does the Agriculture Department, for the sake of argument, which delivers that other programme, put in its own level of bureaucracy, or does it accept what you set down? The message that we get —

Mr Colgan: It is not the individual Departments that set the rules; it is Northern Ireland public expenditure guidelines. The difficulty that we have is that, as a North/South body that manages EU programmes, we are audited externally by the European Court of Auditors. We need to implement the rules in a particular way. Perhaps others can work within those rules a lot more flexibly. The European Court of Auditors audits us to the letter of the implementation of national rules. It tells us that our rules are very strict. However, it is a matter for the member state to ask what an acceptable level of governance is.

Ms Young: Yes. The Commission regulations state that national rules will apply, so the rules that are in place are down to each member state. Our rules are particularly stringent. However, that is useful at the other side of the equation, because it means that, from the audit perspective, we tick more boxes and do not experience as many difficulties as, perhaps, other member states. That said, there are other regions within the UK that have fallen foul of EU audit and verification rules, even though they apply the same stringent rules that we do.

Mr Colgan: It is far too onerous a burden on a lot of the small groups. We recognise that, and we are looking for ways in which we can work our way around that. If you look at previous Hansard reports, you will see that I have addressed this many times with the Committee. Now that we are designing a new suite of programmes, I think that we need to do whatever we can to address those issues.

Ms Young: Yes. I think that this is the opportunity. We get the opportunity to make these changes every seven years, when designing a new suite of programmes. It is very difficult to do them mid-programme. This is the opportunity to look at lessons learned and to see how things can be simplified, adapted and changed, if that can happen before the new programmes come into play in 2014-15.

Mr Colgan: Your second point related to the perception that, somehow, we favour one side of the community. That is a myth that has been around since I arrived in Northern Ireland in 2004. I have been at this job since then. We have worked tirelessly to reach out into all communities in this region, and the signs are there to prove it. For example, we are now working with organisations that we would never have dreamt possible before. Later this morning, you will have a presentation from the Apprentice Boys of Derry and will hear about the work that we are doing with it on its museum. You are also aware of the work we are doing with the Orange Order and the work we are doing in respect of the halls and the outreach within communities. That comes about as a result of tireless efforts of reaching out, having long conversations, going and sitting in rooms with people and listening to them, and encouraging them to engage with us and our programmes.

I believe that that perception is promoted in some quarters but, in practice, the reality is that we have made huge progress along the way by engaging across the communities, and I think the evidence is there in our figures.

Mr Girvan: That is why I drew your attention to the table. There is a preference in one direction, but it is marginal, if you appreciate what I am saying. However, there is a perception, and I do not know whether it is down to the employment within the organisation. Some people say, "I have yet to speak to a Prod who works in the SEUPB". I have heard that word; that has been said to me. I am being honest and up front.

Mr Mitchel McLaughlin: How do they know?

Mr Girvan: We have a wonderful way of working out names. *[Laughter.]*

Mr Colgan: We have a lot of members from a Protestant background working in our community, particularly at the more senior levels of our organisation. We have in place an affirmative action plan to encourage appointments and recruitment from the Protestant community, so we are very actively engaged in that.

I would like to take up your third point, which was in relation to staffing. Back in 2006, a study was carried out by ASM Horwath to take a look at what the staffing requirements of the body are. That study was done in the context of a proposal from SEUPB to simplify the implementation arrangements for the two programmes. Looking at the structure for the implementation of Peace II, there were 56 implementation bodies for the programmes. Each one of those 56 implementing bodies employed four or five people, so we had an army of around 250 people just for Peace alone. The cost of implementation of Peace II was 10% of the total value of the programme: over €90 million. Similarly, for INTERREG, the costs were around 10%, so you are talking about €19 million, and there were 25 different implementing bodies. We said at the time that that was unacceptable. There was duplication and a waste of money. We made a proposal that, instead of having these 56 implementing bodies, each —

[Proceedings from 11.26 am until 11.27 am were not recorded due to technical difficulties.]

This is a classic structure for EU programme management that you find throughout the rest of Europe, where you have a joint technical secretariat (JTS) located under the aegis of the managing authority responsible for all of that implementation.

The ASM Horwath report said that SEUPB would need an additional 20-odd staff to do this work. I understand that there was some misunderstanding in relation to that. I read a recent excerpt from Hansard that referred to those staff being taken on simply to close Peace II and INTERREG III.

Mr Girvan: That was raised about two weeks ago.

Mr Colgan: That was not the case. The 20-odd people who were taken on were to do the work of a JTS. We had three people involved in programme closure, and those posts have since gone. The 22 people that are there are involved in three types of activity. The first is to ensure that there is a live project pipeline for applications that come in and that those applications are properly assessed, approved, letters of offer are issued and that all of that complies with EU regulations and member state rules. We have finished that for the two programmes. All of those applications have now been done.

The second very big and very important part of their work is to ensure that the letters of offer that are out there and the contracts that are in place are implemented in accordance with the conditions contained in those letters of offer; that these projects are actually doing what they were supposed to be doing; and that they get claims for expenditure in a timely manner. We have 208 projects out there at the moment. Each of those projects will contribute to our ability to achieve our N+2 targets. The N+2 targets mean that we will try to draw down every single cent that this part of the region is entitled to. So that is the second piece of the work of the JTS, which is taking up all of their time. Indeed, we do not have enough resources to do all that that requires.

The third piece of work for a JTS is to close these projects down, one by one. Each project, when it comes to the end of its life cycle, needs to be closed down in a manner that ensures that everything has happened in accordance with what was agreed. We have to ensure that there are no irregularities and that it is possible to include the value of the programme in the final claim for expenditure that we will put to the European Commission at the end. Those are the three bits of work that the JTS does, and that is what those staff were taken on to do. The ASM Horwath report makes it perfectly clear that that was the reason why they were there. If those 20-odd people disappear, we will miss our N+2 targets, we will not be able to claim back all the money from the EU, and there will be losses to Departments and to the Northern Ireland economy.

Mr D Bradley: Chair, can I add to that?

The Chairperson: No. Two or three members want to speak.

Mr D Bradley: It is in relation to that point —

The Chairperson: That is what everyone else wants to talk about. We will hear from Mitchel, then John, Adrian and Dominic.

Mr Mitchel McLaughlin: We have to welcome the work that has been done, and I appreciate the fact that you have acknowledged that there was a significant response to the consultation. It shows that you have become very relevant to the various communities. I have two points. I will make them quickly so that we leave room for Dominic to get back. You mentioned that you were looking at reconfiguring the decision-making process and the negotiation with all of the decision-making bodies. Are you in a position to provide more detail on that? It may be a discussion that is going on with member states, which, of course, we are not, as our interests will be negotiated at Westminster. Is there an interface in which the Assembly will have some influence and receive feedback from?

Mr Colgan: Technically, the legislation that set up the SEUPB states that one of its functions is to advise member states on the content and structure of future programmes. In that regard, our relationship is with the member state, which, in this case, is the Northern Ireland Executive and the Irish Government. It was they who wrote to us and said that they wanted us to start this process. We will report back to them. We will have a draft operational programme ready, quite soon, I would imagine. It will go to DFP and the Department of Public Expenditure and Reform (DPER) in the first instance.

I am not really the person to comment on the protocol in relation to the Assembly. I will certainly be happy to come in front of the Committee any time you ask me, to give you chapter and verse in relation to the work that we are doing.

Mr Mitchel McLaughlin: I suspect that we will come back to that. The point that intrigued me was that you are anticipating the outcome of the review of public administration and the new configuration for the councils. Obviously, that has implications for the border corridor. I am sure that, when you are remapping what you are going to do within the North, you are also considering the implications for the border counties. Are there eight local authorities south of the border?

Mr Colgan: There are six.

Mr Mitchel McLaughlin: Are they affected at all by the new configuration?

Mr Colgan: In the Peace programme, each of those six counties have their own multi-annual Peace action plan, and the county manager is the accountable officer for that. It is done through the work of the council, under the aegis of the county development board, in each case. That will continue to be

the case. We encourage them to work on a cross-border basis in line with the programme. The border counties will not be directly affected by the RPA in any significant way.

Mr Mitchel McLaughlin: I am thinking more about the balance of the allocation of resources, for instance, because that will certainly change, and there will be a much wider demographic in some of the original configurations.

Mr Colgan: The overall population remains the same. The population on the southern side of the border remains more or less the same as it was, and the allocation and earmarking of funding will be done in accordance with standard contribution methods.

Mr Mitchel McLaughlin: There will be an existing physical interface because a lot of co-operation goes on, distinct from your projects. On the northern side, that will become a much larger entity. The interface may well be the same, but it will be a bigger physical local government organisation.

Mr Colgan: Without question, there are issues of adaptation to the new structures that we need to take into account, and I welcome the fact that you have pointed out the importance of sensitivity to any sort of imbalances that might arise.

Mr Mitchel McLaughlin: Yes. That is exactly what will arise.

Mr Colgan: We will be very sensitive to that.

Mr Mitchel McLaughlin: On the emerging themes and the programme content to be agreed, there is an issue that has concerned me for some time. There are very explicit commitments in the Good Friday Agreement, which are echoed in the St Andrews Agreement, on the Irish language as a cultural activity. We have seen a quite interesting and, I think, remarkable response to the Department of Culture, Arts and Leisure (DCAL) Líofoa campaign, which has reached right across all the traditional demarcations in our community. Interestingly, for example, PSNI officers at a very senior command level are learning the Irish language, and Irish language classes are going on in the Shankill and east Belfast. However, the SEUPB, to be blunt, has not taken that focus. Will you address that in the new programme?

Mr Colgan: We received quite a lot of submissions around the potential that the Irish language and its promotion has for promoting reconciliation broadly across Northern Ireland. Those submissions were included in our summary of the consultation responses. Part of our consideration going forward is how that might be built into the work of the programmes. We have never been averse to funding Irish language initiatives. In fact, we have encouraged that. We have spoken many times to people in Cultúrlann in Derry and Belfast about that and also to some of my colleagues in Foras na Gaeilge and, indeed, Ulster-Scots groups. We have actually funded quite a lot of Ulster-Scots type work. The difficulty, however, is that we have not had projects coming forward that manage to get over the approval line.

I have had very open and frank conversations with people about the fact that we are not here to fund language initiatives; we are here to fund a Peace programme or an INTERREG programme. Whatever project proposal comes forward, it must demonstrate clearly how it contributes to the achievement of the programme objectives. We have not seen that yet.

We have done some work in INTERREG with Scotland and on the Sabhal Mòr Ostaig project. We had hoped, again, that there would be a lot more interactive exchange between Scots Gaelic and Irish organisations when western Scotland came into the programme.

We are very open to it, Mitchel. We would like to see people coming forward with a project that specifically contributes to the achievement of the programme objectives and, at the same time, centres on a series of cultural initiatives that include the Irish language, or, indeed, which specifically relate to the Irish language. We would be very happy if such project proposals came forward. There is an open invitation to people to come to us with such projects.

Mr Mitchel McLaughlin: Clearly, it is a two-way process.

Mr Colgan: All I can say is that the activity is eligible, provided that it meets the programme objectives. We have had many conversations and engage with many groups on this. We encourage them to come forward to us with projects, but we have not been receiving project applications.

Mr Mitchel McLaughlin: Take a look at Wales as an example, or other examples in the European Union where there is a bilingual policy: there were issues that needed to be addressed to encourage people and to nurture the language, which is such a repository of culture, and it is no different here in Ireland. Their approach was built into all the programmes that impacted on that, including European funding. The commitment in the Good Friday Agreement is very explicit: to promote "respect, understanding and tolerance" of the language and to:

"take resolute action to promote the language".

Mr Colgan: I am sure that that is the role of Foras na Gaeilge. That is what it does.

Mr Mitchel McLaughlin: I am not saying that that is in your terms of reference; I am querying why it is not. I am also querying why the Council of Europe Committee of Experts (COMEX) very critically commented on the fact that there is a lack of progress on the issue. I have given just a small example of how access to Irish language classes across the community and across the spectrum of cultural diversity has, in fact, had a positive impact and, in my view, directly benefits the peace process. Therefore, I do not know why the programme does not have a specific theme that addresses this issue and encourages applications. I have a feeling that there is a chill effect, and that people are not coming forward to you in the way in which they might make demands of us.

Mr Colgan: A chill effect? No; absolutely not. That could not possibly be the case. My door is open and I have had conversations with very many different groups from that background. They have received a very warm welcome from me. I keep going back to what I have been saying: there is an open invitation to anyone to come up with a project that can be funded and that meets the objectives of our programmes.

Mr Mitchel McLaughlin: You know that I have supported the SEUPB —

Mr Colgan: I know that you have, and I absolutely recognise that.

Mr Mitchel McLaughlin: Do you not think that you might need to recognise that, for some reason, you are not receiving applications? I accept what you are saying at face value, which is that you have not got the applications. Perhaps you need to do something about that.

Mr Colgan: As I said, I have spoken to those groups and I have showed them the type of things that they could do and, indeed, through the local authorities —

Mr Mitchel McLaughlin: Will you give consideration to the possibility that some affirmative action might give us a different outcome?

Mr Colgan: I certainly will. For example, just to recognise what you said, one of the most important projects that we funded in the current Peace programme was the Skainos project in east Belfast, which included a very successful Irish language development initiative in which well over 100 people enlisted.

Mr Mitchel McLaughlin: I am looking with envy at what the Apprentice Boys have done, which is brilliant. I have also got to know them very well. Let us see whether we can encourage other people who are not interacting as effectively as they should be.

Mr Colgan: The Peace programme invested a significant amount of money in An Cultúrlann —

Mr Mitchel McLaughlin: Well, Gerry ÓhEára is hard to avoid.

Mr Colgan: I know Gerry. I will take on board what you are saying.

Mr Mitchel McLaughlin: OK. Thank you.

Mr McCallister: I apologise for being late. I was hoping that Dominic was going to be late so that we could use the distance as an excuse.

Mr Mitchel McLaughlin: He was the first one here.

Mr McCallister: You did not have far to travel.

Mr D Bradley: There is a good shortcut; I will tell you about it afterwards.

Mr McCallister: If you had not messed up the A5 — *[Laughter.]* I want to pick up on Paul's point. Pat mentioned the 10% implementation cost; I think you said that that was unacceptable. What is an acceptable figure?

Mr Colgan: In the current programme period, the Commission allows implementation costs to go up as far as 6%. Our costs are at 4%. Given the changes that we made coming into the new programme period from the 56 implementing bodies, and the 25 under INTERREG, and taking into account the fact that the current Peace programme is about one third of the size of the previous one and that the INTERREG programme is, more or less, the same size, our savings amounted to €14 million, which was put directly back into funding projects.

We saved €14 million because of the changes that we suggested, and we brought our programme implementation costs down from 10% to 4%. We are one of the most efficient programmes in Europe in that regard.

Mr McCallister: Is that the furthest that you can drive those costs down?

Mr Colgan: If you start cutting more, you get to the bone, and there is no fat left. You are cutting at the meat and muscle of the programme. I described in detail what the JTS does. If you start cutting that, you are getting into the ability of the programme to achieve its objectives.

Mr McCallister: We are basically sitting, on average, at twice the time that it takes to get approval in any other region. Are you going to set a robust target to get that down? I know that not all factors are within your control, but, even from our perspective, is there anything that we should be pushing for as a Committee to minimise the burden on the Northern Ireland Executive? Should there be a lead Department? If OFMDFM is the lead Department, can we give it more teeth to challenge Departments that are slower at processing things?

Mr Colgan: Other programmes throughout Europe are in a position to be able to publish in advance the dates of all the steering committee meetings that they will hold throughout the lifetime of the programme. A steering committee meeting is usually held twice a year for each programme. That means that, within six months, applications need to be in, approved and passed to the steering committee, where a final decision is taken.

That is the ideal and that is what we should be aspiring to. As part of the new programme design, we would like to be able to publish in advance the dates of the steering committee meetings, the deadline dates for project applications, the assessment procedures and processes, and the dates on which a decision will be taken and when applicants will be told whether they are getting the money. To do that, you need to go back to the issues that we were discussing. As Maura pointed out, we are in discussions with the two Administrations on both sides of the border about the architecture of the programme, the structures, the financial flows and the arrangements for governance and accountability. Again, as Maura says, they need to take account of the public expenditure rules that are in place on both sides of the border. That is the issue that we need to address.

Ms Young: The simplification process started during the current programme. We agreed new arrangements for the last INTERREG call, which seemed to work extremely well. We acknowledged where some of the logjams were happening and, within the time frame of this programme, were trying to do something about it. The sense now — I think Pat is right — is that we need to look at all those processes again to see what drives the programme. Is it necessarily the steering committee? Can Departments get ready in time for steering committees? What is the time frame for them? All that has to be looked at first.

Pat and I, along with colleagues in DPER and the European Union division (EUD), will be addressing those matters over the summer months. When the programme goes out to the next stage of its consultation about the thematic objectives and the types of projects it might approach, it is a good opportunity to start looking at the delivery mechanisms to see what worked, what did not and what we can change within our own system. If there are areas of the system that might need adapted, we can bring those up with the powers that be. We do not know whether that can happen, but we need to explore all those with Pat and see what can be done.

Mr Colgan: I will illustrate it a little bit more to show you the difficulties that the accountable Departments have. A Department in Dublin, for example, provides us with the cash flow to be able to pay the projects, just as the Departments up here in Northern Ireland do, so it is cash-flowing the programme upfront. That is coming directly out of its budget. In Northern Ireland, Departments can do it in one particular way that does not affect their overall budgets, but in Dublin, it comes directly out of the budget line. That causes significant hardship in the current economic climate for Departments down there. When we claim the money back from the Commission, it goes back into the centre; not back into the individual Department. That presents difficulties.

Ms Young: It does, but we need to be careful that we are not creating a two-tier system. We do not want Northern Ireland programmes to somehow be treated in one particular way and cross-border programmes in another. At the end of the day, the same projects are applying to both programmes. We do not have difficulties in our current competitiveness and employment programme with delays that seem to have happened, so we need to look at the particular issues that are happening with the cross-border programmes, see what is causing the problem and then see what we can do. If there are none, we have to acknowledge that the changes can be made.

We are looking at delivery mechanisms and how we are going to delivery projects going forward, the bodies that we will use at lead project, intermediary or whatever you want to call the next level below the managing authority, and what can be done to simplify those processes for them. For example, one of the suggestions from the Commission is that you hide the wiring and try to find a process. I have sort of moved on to what I was going to say about the consultative partnership group. We are looking at the next level up from the individual operational programmes. How can we find a system, particularly with local government at the moment, whereby it perhaps accesses a number of programmes like Peace, INTERREG, the rural development programme and the competitiveness and employment programmes? It can do that by developing a plan and approach, getting that agreed at an early stage and then letting them go and get on with it with those approvals all in place at the outset. Those approvals would not only apply to Northern Ireland programmes but to cross-border programmes.

That is being addressed, and we have a working group within the consultative partnership group made up of representatives of all the prospective managing authorities, us in DFP, NILGA and SOLACE to start off with, but we are looking at other bodies as well. The cross-border bodies may need to be involved as to how we move that forward. What sort of information would Departments need at the outset when they are putting forward suggestions for projects that will answer a lot of questions? That seems to be the issue. The Departments feel that they need more work on the standard of the economic appraisals that are coming forward.

Mr McCallister: Are Dublin Departments quicker, on average, at turning it around than Departments in Northern Ireland, even though it is coming directly out of their budgets with no guarantee that, when it goes back to Treasury, they would get it back?

Mr Colgan: Yes.

Mr McCallister: They are still turning it around quicker?

Ms Young: Yes.

Mr McCallister: Is that not pretty damning on our Departments?

Mr Colgan: That is not for me to say.

Mr McCallister: I will make the observation.

Mr Colgan: The issues that Maura brought up are absolutely right. There are rules of public expenditure, governance and control in place here.

Ms Young: They have less to lose. If we are funding a project and it is 80:20, we stand to lose 80%. If you have a £20 million project, there is a big difference between putting in only 20% and putting in 80%. We have to be mindful of that as well. I am not saying that Departments in the South do not put the necessary checks and balances in place; it is for them to answer to their authorities whether they do or do not. In Northern Ireland, we have to be sure that those accountable Departments have rules in place and Committees to oversee projects that are being funded by those Departments. Whether they are being directly funded by the Department or through the SEUPB, there is a process to be gone through. If that process needs to change, we need to engage on how that can be done.

Mr McCallister: On that issue, and for my clarification, you mentioned national guidelines, but you are working to the Northern Ireland public expenditure guidelines.

Ms Young: But they are our national guidelines.

Mr McCallister: They are not UK guidelines. It varies throughout the UK, does it not?

Mr Colgan: The Welsh and Scottish have different —

Ms Young: You work with those that are in your region, because of the devolved nature of the UK.

Mr McCallister: When you used the word "national", I assumed they were UK member state guidelines. So, they are regionalised.

Ms Young: No. In the first round of EU funding, which was back in 1989 to 1993, we used wider UK rules, which were drawn up and which we all worked within. As each of the programmes has evolved, the responsibility is now down to each of the regions to make their own. Ultimately, the guidance falls from Westminster. It is adapted to meet local needs.

Mr McCallister: Look at comparisons throughout the UK. You made the point earlier that some other regions have ran into some problems when it has come to auditing, but their turnaround is still significantly better than ours.

Ms Young: Their turnaround is better when it comes to getting the projects approved, but they are stymied because the projects do not or cannot actually deliver on the audit requirements. They are therefore suspended and do not get the money from Brussels.

Mr McCallister: Is that a major problem?

Ms Young: It is a major problem. It has been a major problem in the north of England and in Scotland. They have had programmes completely suspended for that reason.

Mr McCallister: Is their turnaround time —

Mr Colgan: It is important, in terms of scale, to recognise that there are 63 INTERREG-type cross-border co-operation programmes throughout Europe. There are 13 transnational programmes throughout Europe, involving sometimes three to five different member states. There is one Europe-wide interregional co-operation programme. Overall, throughout all those, the average decision-making time is six months. You could not say that there is a major crisis of ability to spend moneys, because the money is committed again. There are of course issues — we have them in Northern Ireland; we have them in Scotland; we have them everywhere — around irregularities and ability to spend and meet N+2 targets. However, that is not unique. Those are the normal challenges and difficulties of programme management and implementation. There are benchmarks out there that are well worth looking at.

Mr McCallister: And taking advice from.

Mr Colgan: The Welsh-Ireland INTERREG programme, for example, is a small programme. It gets its decisions made in less than 20 weeks.

Mr McCallister: I suppose the point seems to be, Pat, that we are taking twice as long as the average. When you add in the complication that you can have maybe up to five different member states in any programme —

Mr Colgan: Take the north-west European programme, for example.

Mr McCallister: They are still doing it in six months, and we are struggling.

Mr Colgan: All those programmes publish their steering dates in advance. They all know when they are going to happen.

Ms Young: We have to be mindful of the way that some of the programmes were funded. The SEUPB delivers the Peace and INTERREG programmes. Those are delivered through SEUPB with accountable Departments that respond to the SEUPB. Money flows from them through the SEUPB to projects. For projects like the northern periphery or north-west Europe programmes, applicants apply directly to Europe. That money does not flow through government; it is paid directly back to the applicant by Europe. So, there is a slight difference, in that you are not necessarily matching apples and apples.

Mr McCallister: It still has to be approved by somebody there.

Ms Young: It is still approved by somebody, but we do not underwrite it. If an accountable Department supports a project through an SEUPB selection process on Peace or INTERREG, that is underwritten by the accountable Department. That does not happen in projects like north-west Europe, the northern periphery or the Atlantic area; they instead go directly to Brussels with their application and get approval, and the money flows from Brussels to them.

Peace and INTERREG provide a package of money that is agreed, through the EU budget, with member states. An allocation is given to the UK, which is devolved to the regions, and we are then responsible for that. If that money is not spent or does not come in from Brussels, the accountable Department is liable, not SEUPB. So, the Departments have to make sure that they are content that the projects fit within the strategies and priorities set for them, that they are good projects and that they meet all the economic appraisal benchmarks required. That is what they do.

Not all projects take 58 weeks, 60 weeks or three years. There are some notable examples, and a lot of them move through much quicker than that. Departments are doing what they can, and we recognised that in the last INTERREG call. We made changes to say, "We are going to do this in a particular time frame", and with the exception of one or two, we got all the projects through. We solved the argument from projects that said that they did not know whether they were going to be approved by telling them at the very outset through SEUPB that there are two stages, and that if you do not get through stage 1, you are out, and that stage 2 goes on to more detailed examination, but that at least you are in the mix. Projects were grateful for that, but that is just a start, and we acknowledge that. We now need to look at that again to see whether it worked. If it worked, why can we not do it across the board? Is there a way of streamlining it? We are happy to do that, and we are very open to those conversations.

Mr McCallister: Pat mentioned a steering committee possibly meeting twice a year. Is that a way of timetabling it better?

Mr Colgan: Can I make an important point? There is a direct comparison between the Peace and INTERREG programmes and the other 63 INTERREG programmes throughout Europe. Those are cross-border co-operation programmes. In each case, a managing authority, usually a Department or a public body of some sort located in one of the regions, is designated; a joint technical secretariat is set up, again, under the authority of the managing authority; and monitoring committees are set up. That is exactly the same structure that we have. What is different is that, in the other 63 INTERREG-type programmes, the ERDF component is given to the managing authority to manage; it is accountable and responsible for that, and it takes on the governance responsibility to manage it. Here, the money is not given directly to us; we draw it down from the Departments. That is where you get into this whole question of accountability in each of the Departments.

Mr McCallister: So in the other model —

Mr Colgan: So, a crucial element of the whole thing is financial flows.

Mr McCallister: In the other model, the governing body becomes —

Mr Colgan: The managing authority. It takes responsibility for the overall accounting.

Mr McCallister: If there was an audit problem or something was turned down, you would take the hit financially.

Mr Colgan: The body behind the designated managing authority would carry the can, but it would be a shared responsibility agreed with the other Administration.

Mr McCallister: You are not keen on that, Maura.

Ms Young: The public expenditure rules and the legislation that sets up SEUPB do not actually allow it to be that body without the policy-competent Departments in Northern Ireland and the Republic being behind it and supporting it. That is the way in which the structure has been set up for SEUPB. If there is room for manoeuvre in that structure, we are more than happy to consider that with SEUPB, but I could not categorically say now that we will cut the times so that they are the same as those in every other region in Europe. There are modalities in the Northern Ireland system that have to be respected, and we have to work within those. Rather than assuming that we have to adapt to the EU programme, perhaps it has to adapt to ours. I accept that we need to find a way to simplify it for projects. As Pat mentioned, a possible way of doing that going forward is to have projects and programmes that are more output-focused, so that it is very clear from the beginning what you have to do and how you will do it, with opportunities to make payments to you on the achievement of targets, rather than this continual drone for invoices and original documentation. Then we might be able to look at the implementation plans through local government, cross-border bodies or whatever group we designate that may be applicable within the Northern Ireland programmes and the cross-border programmes. So, there are changes, even in this next round of funding, and Europe is allowing us to do things in a different way. If we are allowed to adapt our process to do that, we will certainly take that on board. That will be a subject of discussion over the next three to six months, to make sure that we get the right delivery mechanisms going forward.

Mr Colgan: The British-Irish Agreement Act 1999, which set up the Special EU Programmes Body, along with the other six North/South bodies, gives us the responsibility and authority to manage the INTERREG programmes and the Peace programmes. It is a question of how you interpret what that means. The legislation is very clear: we are the body responsible for the managing of that. We do that under the aegis of two sponsor Departments: Dublin's Department of Finance, as it was at the time, but which is now called the Department of Public Expenditure and Reform; and the Department of Finance and Personnel in Belfast. That is the triangle of governance that SEUPB has to work within.

I caution against moving back to any system of implementing bodies or intermediate funding bodies based on the experience of Peace II and INTERREG III, where, as I mentioned earlier, you are entering into significant issues of duplication, costs and cost overheads.

Mr McCallister: I suppose the frustration that most of us feel is that everything in Northern Ireland, whether it is planning permission or getting funding, seems to take significantly longer.

Ms Young: I know that Pat is saying that we cannot move back to that system that he is talking about, but that is the direction of travel the Commission would like us to go. It would like projects to be delivered at the lowest possible level. Obviously, there would have to be managing authorities to do that, but we are looking within the RPA structure or other structures within Northern Ireland to see how they can be empowered to do certain things. They are very willing to take that role on, but they have to work under the umbrella and the management of the managing authority, which is the group that I mentioned earlier. The consultative partnership group has been set up, and it is very interested. My upper level group is looking at the strategy for the operational programmes that are being developed in Northern Ireland and making sure that they are not being developed in isolation. They need to be developed together; it has to be a cohesive package. It may be our last ever major package of structural funds, because it has taken quite a while to get the amount of money that we have got this time. If this is the last package of money, we have to make sure that it is going to work for us, that it

matches up with other things that we are doing and with what the Executive have plans for across the piece over the next seven years, and that they do not sit in isolation.

Paul mentioned those who do not know whether they are going to get funding at the end of it. There is no guarantee that EU funding will go to projects again, but we have to think more long term about what is going to happen to all these projects. That is something that my group is looking at.

It is also looking at the delivery mechanisms, and how you engage with local government and other groups that want a bigger role, want to be able to bring projects forward and want to be responsible for projects. Money will still flow from the managing authority, from the accountable Department, but how can they get involved and how can they get the approval processes at an earlier stage? That is something that we are looking at with them. SEUPB is represented on that group to ensure that we are picking up things that are relevant.

Mr McCallister: At the end of the day —

Mr Colgan: I would just like to point out that the implementation structure for the Peace programme that we have in place at the moment is based on the principle of lead partners. Local authorities are lead partners within their sector. We have spent £100 million of the Peace III programme through those lead partners or clusters. The system works very well. That is not where the problem is.

Mr McCallister: It is the accountable Department.

Mr Colgan: No. The problem is in our decision-making structures and in the architecture of the programme regarding accounting for the money.

Mr McCallister: It is taking too long —

Mr Colgan: The other problem is at the lower end, where you have quite complex public expenditure rules and requirements which everybody has to adhere to.

Ms Young: I am not saying that there is, but, going forward, there will be a way in which we can bring forward plans. Local government has come forward to say that it would like to bring forward community plans.

Mr Colgan: Which is what they are doing under the Peace programme.

Ms Young: They are, but a lot of the community plans under the new RPA structure will not be ready in time for the beginning of the structural funds, so we are engaged with NILGA and SOLACE at the moment to ask, "What can we do for the first couple of years? What pipeline projects have you got in the system to give you that space? Can we get something into the programmes at the early stages that will give you space to go away and look at the community planning, and bring those forward as well?" The Commission is very vocal about talking to local government and other interested parties to say that there must be a way to link all the programmes together, without them necessarily having to make applications to five different programmes. It is saying that there must be a way to allow all of those managing authorities to work together on the basis of a plan. That would mean that it would be seamless. They would not have to make five applications; they would make just one. It would be in a big plan. So, we are looking at that. I am not saying that it will necessarily be the future, but I think that we have to look at that opportunity because the Commission is saying that that is something that it would like us to consider. If we do not consider it, it will want to know why we have not done so. So, we have to be able to articulate that we have looked at it, it will not work, and here is what we are going to try to do. That is something that we will be developing over the next three to six months.

Mr Colgan: There are things that you can do with, for example, the competitiveness and employment programme or the rural development programme, which are single-jurisdiction programmes, that you cannot do in programmes like INTERREG or Peace, which are cross-jurisdiction.

Ms Young: We do not think that we are going to rule anything out at the moment. We will look at them all, and we will rule them out if we feel that it does not work.

The Chairperson: I want to remind members that we are running well over time, and we still have other business and two presentations to get through.

Mr McQuillan: I will be very brief, Chairman. I sense a wee bit of friction between our witnesses, and I feel that it should be ironed out somewhere else rather than here. It could harm the applications if we do not get that sorted out.

Mr Colgan: Believe me, there is absolutely no friction between us.

Ms Young: There is no friction.

Mr Colgan: We have an excellent working relationship with DFP. We have robust conversations.

Mr McQuillan: It sounded like that five minutes ago.

Ms Young: We are being robust at the moment, but we have to see where each of us is coming from.

Mr Mitchel McLaughlin: It is a bit like Sinn Féin and the DUP. *[Laughter.]*

Mr Colgan: We have the same objective in mind. We want to run these programmes in the most efficient and effective way possible. I have the greatest respect for my colleagues in DFP and DPER. In fact, without them, we would not have been able to overcome so many of the difficulties that we faced. I want to put on record my sincere appreciation, in particular to Maura Young, who has been acting as interim head of the EU division. Her support for us has been exemplary, and I welcome Frank Duffy to the team.

Mr McQuillan: We are all back on the same hymn sheet again.

Mr McCallister: You have brought harmony to it all. *[Laughter.]*

Mr McQuillan: In an answer to a question from Paul, you said that procurement was an issue. Is there anything that the Committee or MLAs can do to try to improve that?

Mr Colgan: Gina is our procurement expert. There are a lot of complex issues around public procurement, and the rules of Northern Ireland public procurement are demanding. We have to implement them, and we have to do it under the guidance and advice from CPD.

Ms Gina McIntyre (Special EU Programmes Body): We were in the middle of putting forward a proposal to raise the limits. We are working under Northern Ireland public procurement policy with smaller groups, and we discovered that they are not set up in such a way to operate those policies because those policies are for the Civil Service and much wider public sector groups. So, we were imposing that on smaller groups that did not have the capacity to deal with it. We spoke to Minister Wilson about it, and we put forward a proposal around raising the thresholds to try to bring in some simplifications in regard to that process. As it was at the time, Minister Wilson told us that he was operating the same system regarding bringing those thresholds up. We were only going to ask to bring them up to £2,000 and he told us to hold off as he was going to raise them to £5,000. So, that was a great help to us, but you will only hear the benefits of that going forward because that was only for contracts procured from August 2012. It takes a few months for all that to filter through, but our groups have certainly welcomed that.

Mr McQuillan: Maybe you will keep the Committee informed of how that is working.

Ms Young: Yes. We will engage with CPD to ensure that we streamline its role where we can. If we are looking at all the other delivery mechanisms, it is another one that we will have to tick the box for.

Mr D Bradley: I want to endorse what Mitchel said regarding the Irish language. There is a perception that there is no place for the Irish language in the programme. I noted what you said about eligible activities and so on. There is a proven peace-building record around the Irish language, and, strangely enough, that is in Protestant working-class areas such as the Shankill and east Belfast. I think that there is good potential there, and there has been very sound work done by the Ultach Trust as well in developing that. It is something that we should not ignore, and we should try to use it to the benefit of advancing peace in Northern Ireland. Having said that, I want to bring you back to the

letters of offer. You told us before that there were a number of groups that had their letters of offer suspended. What is the position regarding those groups and funding?

Mr Colgan: What particular groups are you referring to, Dominic?

Mr D Bradley: You sent the Committee a list of about seven, including FAIR, SAVER/NAVER and several others.

Mr Colgan: Each of those individual cases is being dealt with on an individual basis. Each and every one of them is now with the Office of the First Minister and deputy First Minister for a final determination regarding either recovery or write-off.

Mr D Bradley: Minister Wilson told us in the Assembly that, if those groups were in breach of the letters of offer, the EU would clawback the funding that they received, and if the groups were not in a position to pay back the funding, it would then fall to the public purse. What is the situation? Are those groups in a position to —

Mr Colgan: I can confirm that that is the situation. A final decision has to be made for each individual case as to what the next step should be. That is in the hands of the Office of the First Minister and deputy First Minister and the accountable Department in Dublin, which is the Department of the Environment, Community and Local Government.

Mr D Bradley: Have you any idea what the possible liability would be for the public purse?

Mr Colgan: It varies from one to another.

Ms McIntyre: A couple of hundred thousand in that region.

Mr Colgan: Yes, for the Northern Ireland economy, it would be a couple of hundred thousand pounds or something of that order.

Mr D Bradley: Can you supply us with the accurate figures?

Mr Colgan: Certainly.

Mr D Bradley: And the names of the groups?

Mr Colgan: Yes.

Mr D Bradley: That is grand.

The Chairperson: Following on from John's questions, is there any chance that the Department and SEUPB could prepare a paper for the Committee with a comparative analysis of the performance of Departments here and in other jurisdictions regarding timescales for processing applications, the reasons for the differences and the options for addressing the issues? I think that would be useful for the Committee.

Mr Colgan: You are talking about the comparison between the INTERREG and Peace programme and other similar programmes throughout Europe, is that right?

The Chairperson: Yes.

Mr Colgan: There are some publications produced by a technical assistance and support programme called INTERACT. It is based in Bratislava, is funded by the Commission and provides support for all INTERREG programmes throughout Europe. It has published some information by way of comparison. It is not a comprehensive review, but it is a representative sample of programmes. It also produces occasional reports. I think that it would probably be the most independent and reliable source of information, rather than us trying to reinvent the wheel, but I am very happy to put a paper together for you based on that sort of information.

Ms Young: We will have a look for them and send them forward.

The Chairperson: OK, we will consider those first. Thank you very much.