



Northern Ireland
Assembly

Committee for the Office of the First Minister
and deputy First Minister

OFFICIAL REPORT (Hansard)

Northern Ireland Executive's European
Priorities: OFMDFM Officials

24 September 2014

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Mike Nesbitt (Chairperson)
Mr Chris Lyttle (Deputy Chairperson)
Mr Leslie Cree
Ms Megan Fearon
Mrs Brenda Hale
Ms Bronwyn McGahan
Mr George Robinson

Witnesses:

Dr Paul Geddis	Office of the First Minister and deputy First Minister
Dr Gerry Mulligan	Office of the First Minister and deputy First Minister

The Chairperson: We welcome to the Committee Dr Gerry Mulligan and Dr Paul Geddis.

Dr Gerry Mulligan (Office of the First Minister and deputy First Minister): Chairman, can I start by apologising —

The Chairperson: No, that is OK. The previous session was probably a little shorter than we anticipated.

Dr Mulligan: I do not think I ever got from the front door to here as quickly.

The Chairperson: Do you want to pour a glass of water and get your breath?

Dr Mulligan: Yes, I would appreciate that.

The Chairperson: If you are going to make opening remarks, we do not want you to be totally breathless. From a previous life, I know what it is like: being told to run into a studio and read out a piece of news. It is remarkable how quickly you lose the flow.

Dr Mulligan: I think we are ready now.

The Chairperson: I invite you to take up to five minutes, Gerry, or maybe it is Paul or both of you.

Dr Mulligan: I will begin.

The Chairperson: I will give you up to five minutes between you to make your opening remarks.

Dr Mulligan: The Executive's draft European priorities for 2014-15 were forwarded to the Committee on, I think, 1 July. These priorities are set in the context of continuity and change across the European Union. There is continuity in that the funding programmes and budgets have been set for 2014-2020, but there have been important changes in the personalities who are taking responsibility for the programmes and the budget and the priorities that they are setting. The most topical, of course, is President-elect Juncker and his nominees for the college of Commissioners. All the designated Commissioners will be important to us in Northern Ireland, but some more so than others, and there are a few that I will point to.

Lord Hill has responsibility for financial services and is the UK's designated Commissioner. Phil Hogan is the nominee for Agriculture Commissioner, which is a very important post, particularly given that our past experience has been one of not always having access to Agriculture Commissioners when it was important. So, we feel that that is important. Corina Crețu, a Romanian lady, has taken responsibility for regional policy, which covers structural funds, the Peace programme and, importantly, the Barroso task force in the Commission. So, again, that is another important one. Carlos Moedas is the Portuguese Commissioner-designate for Research, Science and Innovation, and, clearly, that is an important area for us going forward. Finally, Elżbieta Bieńkowska, a Polish lady, has taken responsibility for enterprise, including focusing on small- and medium-sized enterprises and the social economy. So, again, that is a particularly important responsibility and post for us to target.

Priorities are also shifting. At a high level, President-elect Juncker has identified jobs and growth, with a particular emphasis on the digital single market and telecoms regulation, and you will see those emerging in the months ahead as areas for particular attention. I know that President-designate Juncker is anxious to, for example, remove roaming charges, which will be welcomed by people who move around the EU.

Another high-level priority that he has identified is the European energy union, which is particularly important in relation to security and diversity of supply. The current crisis in Ukraine brings that into sharp focus. The third priority for President-designate Juncker is trade negotiations with the United States. The fourth priority is the reform of the monetary union to avoid the sorts of crises that we saw in recent years with the euro. The fifth high-level priority area identified — this is important — is delivering a fair deal for the United Kingdom. So, those are the upfront priorities, if you like, from the president-elect.

We have a specific priority that we want to persuade Mr Juncker towards, and that is the continuation of what is currently called the Barroso task force. We have been lobbying at a political level and official level to that end. The recently published Committee inquiry report has been very useful to us, and I have circulated that to key people in the European Commission. It makes a very important point about the real benefits of the Barroso task force and the response of the Northern Ireland Administration to that. So, that will hopefully shape attitudes in Brussels towards the continuation of the task force. Of course, there are no guarantees. Mr Juncker has indicated that he wants to do lots of things differently, but we will continue to lobby.

May I just say in passing that the report, as well as being particularly useful, has made a number of recommendations? We have formally commissioned a response from Departments to the recommendations, and I know that the Committee wants a reply by 26 October, which we will aim to meet. We have asked Departments to come back to us with their comments by 20 September. Thereafter, we will distil those and put our suggestions to Ministers, and, then, subject to their agreement, we will hopefully have a reply to you within your timescale.

We can say something about some of the recommendations in that Ministers certainly have committed to continue with the interdepartmental group, particularly given the value that is identified in the report, and also to the earlier publication of Executive priorities. I know that that point was made in the report. We will give particular emphasis to it. At the last interdepartmental meeting, Ministers made a specific point of saying to Departments that we needed to reduce the timescale for the production and publication of Executive priorities.

The existing priorities are in that context. They continue to emphasise promoting our interests in EU. They continue to emphasise raising our positive profile throughout Europe, raising awareness and encouraging participation in European matters. I am happy to take questions at this stage. I am not sure whether Paul wants to add anything to that.

Dr Paul Geddis (Office of the First Minister and deputy First Minister): I have nothing to add at this point.

The Chairperson: Thank you very much. The context is important. It is welcome to hear your thoughts on that and also your support for the Committee's report. We look forward to the responses. The session is on the Executive's EU priorities. I want to be clear about that. Last year, the Committee was not briefed on the 2013-14 priorities until October. Here we are in late September. The priorities have not yet been published. The document that we have talks about developing relationships with stakeholders. Presumably, stakeholders have not had sight of the Executive's EU priorities in a timely fashion this year either.

Dr Mulligan: That is why, as I said, we will be pressing Departments to ensure, if you like, the concertinaing of the timescale into a much shorter period. We would aim to have next year's Executive priorities to you in a more timely fashion.

The Chairperson: OK, but what went wrong? Can we not agree that, last year, it was late? Surely, at that point, there was a recognition by you collectively — not you individually — that it was too late, was not best practice and that you needed to fix it for the next year? Yet, all that you are saying is that you are going to fix it for next year.

Dr Mulligan: It is important that we consult with the Committee as early as possible in that process so that we take account of the Committee's views. The process starts towards the end of the year and is triggered by the publication of the Commission's work plan and its priorities for the coming year. That starts the process off. This year, we adopted a very different methodology in that the priorities were grouped in a way that they have not been previously. That was to try to give greater coherence, logic and rationale to the way in which the priorities were being structured. In a sense, because it was the first year, we had to manage that change of approach, and Departments had to manage it as well.

That said, Departments were working from an early stage to their own draft objectives. So, they were working even in advance of our agreeing the final draft text with them. They were working to what they had established as their European objectives. You will see that some of the actions that will be reported on later in the year will reflect activities earlier this year. So, it is not to say that Departments are waiting for the agreement on the objectives before they then take forward the actions.

The Chairperson: But what about the broader stakeholder group? Are they not, to a certain extent, in the dark about what is going on until that document is in the public domain?

Dr Mulligan: Again, we will be in touch with stakeholders through our ongoing interactions, such as the Northern Ireland European Regional Forum, which is co-chaired by the Department and Belfast City Council. So, there would be sensitivity to emerging priorities through that particular forum. Those would be reflected. Of course, Departments themselves, in formulating their own priorities, would be in touch with their own stakeholder groups through their arm's-length bodies and NGOs. That process would reflect Departments' own engagement. So, at OFMDFM level certainly, we are sensitive to the points of view emerging through the multi-sectoral forum that we have, and Departments likewise.

The Chairperson: I suppose the logic of that is that Departments and their stakeholders just get on with it. That works, and that is great. However, the only failure is the coordinating duty of OFMDFM, and that is neither here nor there. Departments and their stakeholders are getting on with business.

Dr Mulligan: The Departments will need to get on with business and, in that sense, will need to have a clear idea of what their objectives are for the coming year. Equally, things will change as new priorities emerge. I mentioned some of the priorities that are emerging within the incoming Commission. Therefore, we will need to look at those carefully to see to what extent the priorities that we agree at the end of the day emerge and resonate with those.

The Chairperson: Again, the logic seems to be that Departments and stakeholders are getting on with business. If OFMDFM's role is more of a coordinating one and it cannot do it in a timely manner in these austere times, why ask the taxpayer to fund that service?

Dr Mulligan: The Executive priorities are, at the end of the day, more than the sum of the parts —

The Chairperson: In what way?

Dr Mulligan: In that it is a strategic overview of where the actions and priorities in Departments fit an overall Executive framework. The framework, which does not change significantly from year to year, is one of placing priority on the need to influence policy in a direction that is in our interest; to draw down money in a way that maximises the financial benefits; and to raise our profile by networking and showcasing what we do to the rest of Europe. Those are priorities that tend not to change from year to year. It is the specifics that Departments do that vary from year to year. In that sense, we add value by agreeing what those high-level priorities are.

The Chairperson: In terms of the strategic reshaping — if I can use that phrase — that you are suggesting, it would be really useful to have an example of where that actually happened and where you reshaped an individual departmental priority.

Dr Mulligan: Without pre-empting the detail, we are aware within the incoming college of Commissioners of a particularly strong emphasis on issues to do with the social economy and small and medium-sized enterprises. Therefore, I suspect that that would be reflected also in the way in which those areas and those sectors are prioritised in the detail of what emerges.

The Chairperson: Can you give us a previous example, an actual example, of where you did move in and reshape a departmental priority?

Dr Mulligan: A very obvious example that comes to mind is the priority given to maintaining a structured relationship with the Commission. That has now become a priority, given that we are moving towards the end of the mandate of the current president. Therefore, while that may not have been in previous priorities, it certainly has emerged in the past few months.

The Chairperson: You cannot give me an example of where you would have gone to a Department and said, "I see that you are thinking of doing this or applying for that funding or whatever. Strategically, you would be better doing it another way."

Dr Mulligan: We do make suggestions to Departments about the ways in which they can best showcase the work that they are doing, and Departments will often take on board our suggestions for the sort of policy work that they are doing. I do not want to pre-empt any decisions that Departments take, but we could see areas of work in the transport sector, the energy sector or in aviation that are particularly reflective of the progressive policies that are pursued by the relevant Department.

The Chairperson: From what you said previously, Gerry, I had it in my mind that you would be able to give us examples from last year, two years ago or three years ago, when a certain Department was going to do something, and you said, "The better way to do it is this, and this is our input".

Dr Mulligan: We certainly reinforce to Departments about giving more emphasis to certain areas. I am not sure that we have ever suggested to Departments that they should not put in a particular priority, because, at the end of the day, that is a decision for them. We do not have a policing role, as such — it is closer to what you said, Chair: a coordinating role — but we certainly make suggestions. Departments often act on those suggestions by introducing areas that they may not have thought of as a priority before and giving greater emphasis to others.

Mr Cree: I certainly enjoyed the 'Yes Minister' series. You are certainly following a very well-known and much-appreciate line. I followed all your words, but, at the net sum at the end of the day, you did not have an example. I will try you on another line, because we have done that. One of the priorities that you mention is with respect to people and organisation. You talk about ensuring that the policy staff have the knowledge and skills to maximise their effectiveness. What does that actually mean?

Dr Mulligan: European policy is a specialised area. Understanding programmes and how to go about applying for them is a specialised area. To work effectively in that area, you have to know something about the way in which the European institutions work. We place a great deal of emphasis on the training of staff and having available to them courses that they can go on and opportunities for them to work in Europe, all of which contributes to building up a cadre of civil servants who are very much at home working in the European area. Some of it, therefore, is encouraging people to take up secondment posts in Brussels in my office or some of the other institutions. Some of it will be done locally through delivering courses for people here on European policy and legislation so that people understand what Europe is about. Without that, we will not be able to see the implications of

European legislation. We may even miss a trick when it comes to seeing opportunities to influence policy. The other risk, of course, is that we may not be compliant with the rules and legislation set in Europe. All that suggests the need for people to be well up to speed on European matters. We do that through a combination of giving people opportunities and formal training.

Mr Cree: I was in Brussels some time ago with the Assembly and Business Trust — I made mention of this in the discussion on the Barroso task force in the House. We were well advised by lots of people there, particularly by one from the Republic of Ireland. He said, "It's absolutely crucial that you get involved when the straws are in the wind, or even before that, because, whenever a paper is produced, it is virtually too late. Very few papers are changed". When we went to our own people, we asked them a similar question. We were dismayed to learn that they said, "Well, we wait until the paper comes out, and then we start to discuss it". Has that improved?

Dr Mulligan: My experience is that we have influenced policy and legislation proactively, based on very good intelligence about the direction of travel of that policy and legislation. An example of that is on the transport side, where the funding of roads, which is currently permitted in the regulations, might not have come about, in that we —

Mr Cree: Yes, I am aware of that one.

Dr Mulligan: That is an example.

Another example that I draw to your attention is in the securing of a Peace programme. We knew that there was an issue about timing and that, if we did not register an interest at a particular point in time, it might not have come about.

Mr Cree: So we have learned, is that what you are saying?

Dr Mulligan: I think that we have learned, and Departments, in my experience, are getting in at a very early stage in policy development.

Mr Cree: I am encouraged by that. I have another quick question. We do not really use loans from the European Investment Bank (EIB). Is there any reason why we do not?

Dr Mulligan: Under current Treasury rules, Departments cannot borrow from the European Investment Bank, whereas local government can. Indeed, there are examples of the European Investment Bank funding significant projects. One example that comes to mind is the University of Ulster's campus, which has a significant element from the investment bank.

Mr Cree: Sorry, was that not financial transaction capital?

Dr Mulligan: I understood that the investment bank was a party to that loan.

Mr Cree: FTC.

Dr Mulligan: The other —. Sorry.

Mr Cree: I will help you out there. Capital departmental expenditure limit (DEL) is affected by EIB banking, but we do not know whether the interest is cheaper or more expensive.

Dr Mulligan: The point is that capital funding from the block is less expensive than it would be under the European Investment Bank, which does —

Mr Cree: Are you sure about that? I have asked that question, and I have never got an answer from anyone until this afternoon.

Dr Mulligan: Well, on the basis of advice that I have received from colleagues in the Department of Finance, I would suggest that the block, as a source of capital funding, is much cheaper than an interest-based loan from the European Investment Bank.

Mr Cree: Thank you for that.

The Chairperson: Can I ask you about the balanced scorecard? How are Departments reconciling themselves to that? Do they like that approach?

Dr Mulligan: Yes. It has been generally accepted as a better way of organising priorities. The logic of the scorecard is that there is an immediate focus on results and what the Department aims to achieve; the way in which those results are brought about; the processes that we need to bring about; the stakeholders that we need to involve; and the people who we need to develop. That is the simple logic of it as a business planning tool. It is a tool that is used more or less universally for departmental business planning, so the other advantage is that it links in directly with Departments' business planning methods as well.

The Chairperson: I will come back to that in a second, Gerry, if you do not mind. Can we go on to the competitive drawdown, which is obviously vital. We should be maximising the drawdown; it goes without saying. I think that everybody now accepts that the initial targets in this PFG were a little underambitious, but that is great if we are drawing down. Are the figures for year 3, 2013-14, available?

Dr Mulligan: I will ask Paul who is in command of the detail to come in on that point.

Dr Geddis: No, they are not currently available, Chairman. Figures for year 3, which is 2013-14, are currently being validated. There is an issue with the ERASMUS+ programme at the European level, and the statistics there cannot be finalised. That affects all member states. The Department of Education has been pursuing the figure through the British Council in the UK, which interfaces with the Commission's services. So, unfortunately, we have a situation where one of the new funding programmes has not been able to get its statistics right at the European level, and that has delayed the validation of the year 3 figures. I am aware that Committee would like a year 3 breakdown, but that is the reason why we have not yet provided it: we cannot assure the top-line figure. We have pursued that relentlessly over quite a few months. I have spoken to the British Council. In fact, I am a member of the group in Northern Ireland that is looking at the ERASMUS+ programme, and it is a common problem. So, at this point, we are blocked on that. The figures have not been released to anybody at this stage.

The Chairperson: Clearly, you will have seen the other figures discounting ERASMUS+. Should the Executive be pleased?

Dr Geddis: I am not clear what you are referring to when you say we are discounting ERASMUS+.

The Chairperson: If you leave that to one side for one moment. You have seen the other figures, then.

Dr Geddis: No, I haven't. Which figures are you referring to?

The Chairperson: Drawdown figures.

Dr Geddis: Oh, yes, sorry. If we take the ERASMUS+ programme out of the monetary values.

The Chairperson: And scan the rest.

Dr Geddis: Yes.

The Chairperson: Successful?

Dr Geddis: Yes, we are successful. When the year 2 values were released, Ministers made the statement that we were well on target to meet the 20% value. That still holds, and we are extremely confident about that.

The Chairperson: We are coming towards the end, gentlemen, and I would like to go back to where we began, which is on timeliness. In our inquiry, we got very firm statements from other Committees with regard to being dissatisfied about the flow of information and the timeliness of information on EU policy and funding matters.

For Committees to fulfil their statutory role of advising Departments, that is a major issue, particularly at this time, when our Budget is in its final months, when we need a Budget for 2015-16 and when there will have to be a decision about a Programme for Government to take us through to the end of the mandate. So there is the issue of timeliness in informing Committees, but, I would suggest, even more importantly there is a quote from your document stating that a measure of success is:

"Departments seamlessly integrating European policy at local, regional, national and supra-national levels."

Given that we are, as an Executive, going into these negotiations about Budget and Programme for Government to see us through to the end of the mandate, what can you tell us to assure us that you are inputting in a timely manner in terms of EU priorities?

Dr Mulligan: We take entirely the point you make about the need for timely information to be made available to Committees and, indeed, to stakeholders. To that end, we have been looking at our communications. We are taking steps to integrate a lot of the information that we would put out selectively into a single source. We are working on that. We would confidently expect to be able to launch what would be an integrated database covering a lot of the information that would influence and assist all those stakeholders who participate in European engagement.

This is something that I am confident we will be able to report on positively the next time you will be hearing a briefing on European matters. This has been made a priority. It is one of the recommendations in your report, Chair, that I can report on positively. We are taking steps to integrate information from a variety of sources into a single accessible database. That should improve timeliness of information.

The Chairperson: We heard earlier in the week in the Chamber that the Finance Minister is now focusing in on the 2015-16 Budget. What sort of liaison are you having with him?

Dr Mulligan: We have liaison through the interdepartmental group. The Department of Finance has a senior official on that group, so that is an opportunity for us to take on board DFP's perspective, certainly on the financial aspect of European engagement. We have close and continued contact and conversation with DFP. I have a meeting with the senior DFP official tomorrow to talk about some of this.

The Chairperson: Finally, finally, when will we see the priorities document? When do we see the implementation report for 2013-14?

Dr Geddis: We are now attempting to eclipse some of the time that has been lost, so Departments are working simultaneously on not only concluding the 2014-15 priorities but preparing the implementation report for the first period of this financial year. Following the interdepartmental meeting that junior Ministers chaired and the revised timeline that was agreed at that meeting, we hope that the Executive will move to agree both documents some time in October, and they will be released thereafter if there is agreement at Executive level.

The Chairperson: Are members content?

Dr Mulligan: Again, our apologies for the delay.

The Chairperson: Understood.