



Northern Ireland
Assembly

**PUBLIC ACCOUNTS
COMMITTEE**

**OFFICIAL REPORT
(Hansard)**

**Inquiry into Creating Effective
Partnerships between Government and
the Voluntary and Community Sector**

12 October 2011

NORTHERN IRELAND ASSEMBLY

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**Inquiry into Creating Effective Partnerships between Government
and the Voluntary and Community Sector**

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Members present for all or part of the proceedings:

Mr Paul Maskey (Chairperson)
Mr Joe Byrne (Deputy Chairperson)
Mr Sydney Anderson
Mr Michael Copeland
Mr John Dallat
Mr Alex Easton
Mr Paul Frew
Mr Paul Girvan
Mr Ross Hussey
Ms Jennifer McCann

Witnesses:

Mr Gordon Bell)
Mr Will Haire) Department for Social Development
Ms Maeve Walls)

Mr Seamus McAleavey) Northern Ireland Community and Voluntary Association

Also in attendance:

Mr Kieran Donnelly) Comptroller and Auditor General
Ms Fiona Hamill) Treasury Officer of Accounts

The Chairperson:

We are joined today by Mr Will Haire, accounting officer for the Department for Social Development (DSD); Ms Maeve Walls, the director of the voluntary and community unit in DSD; and Gordon Bell. We are also joined by Mr Seamus McAleavey, the chief executive of NICVA.

You are all very welcome.

Hansard will be reporting today's meeting. I ask everybody to switch off their mobile phones and electronic devices because they interfere with the recording system. Hansard have a hard enough job to report accurately what we are saying, and interference makes their job even more difficult.

We are in NICVA, and I am delighted to be here in north Belfast. I was born and bred two streets away from this building, so I am delighted to be back on my old turf. We are looking forward to today's evidence session, which is crucial to progress for our society, both in the city and all over the North. I hope this will be a constructive session, as we all want to celebrate the undoubted achievements of the community and voluntary sectors and enhance their valued relationship with Government.

We are also joined by Mr Kieran Donnelly, the Comptroller and Auditor General, with his Audit Office team. You are very welcome here. I also welcome Ms Fiona Hamill, who, I am glad to say, is back as the Treasury Officer of Accounts. I give a warm welcome to everyone who has taken time to come here today, and a special warm welcome for an ex-member of this Committee, Dawn Purvis. It is great that you are all here.

This is a session in which a number of us will have to declare an interest. I declare an interest as a member of three community organisations: Fáilte Feirste Thiar, which I chair; the Andersonstown Neighbourhood Renewal Partnership; and the Upper Andersonstown Community Forum, which I am on the board of.

Ms J McCann:

I am a member of the Colin Neighbourhood Partnership.

Mr Copeland:

I am a member of the East Belfast Partnership board and a number of other community groups in the Castlereagh and east Belfast areas.

Mr Girvan:

I am a director of Ballyclare Community Concerns.

Mr Hussey:

I am secretary of the Kevlin Community and Development Association, Omagh.

Mr Byrne:

I am a trustee of Omagh Boys and Girls Youth Club.

The Chairperson:

I am going to pass it over to Mr Haire at this stage, to introduce himself and his colleagues.

Mr Will Haire (Department for Social Development):

Thank you very much, Chairman. I am delighted that, in line with the theme of partnership, Seamus McAleavey, chief executive of NICVA, is joining us in the discussion, because it is such a central part of this process. Maeve Walls, director of the voluntary and community unit, and Gordon Bell, also of that unit, are also here to answer your questions.

The Chairperson:

Seamus, is there anything that you want to add as an opening remark?

Mr Seamus McAleavey (Northern Ireland Community and Voluntary Association):

I am delighted to be here; we in the voluntary and community sector are delighted to be working in partnership on this report.

The Chairperson:

Thank you, Seamus. Will, you tabled a paper today. Can you give a quick introduction to it?

Mr Haire:

I apologise, Chair; that paper should have come out of my office more quickly. It is just a small update; it is a copy of the concordat commitments that are set out in the concordat agreed last March by the Executive.

Minister Nelson McCausland launched the concordat last week. The concordat will be a central part of our discussion. It sets out the very practical areas of work that need to be worked through in the next year. We have already set up four action teams that will look at that, and we will, undoubtedly, explore some of those issues as we go through that.

The letter gives the most recent figures for the amount of government funding for the sector. For 2010-11, the figure in the funders' database is £277 million. That indicates that the figures are holding up; the level of funding seems to be at about the same level as we detected before. Those are the main issues in the letter.

The Chairperson:

Thank you for that, Will. You have been in front of us before representing other Departments, so you will know the format of the meeting. I normally start off by asking some questions by way of background, and then other members are invited to ask questions.

Mr Haire:

Since the report was launched last September, a fair amount of work has been developed that fits very closely with the recommendations that our Audit Office colleagues brought to us and you. As I stressed, a new concordat was signed between the Executive and the voluntary and community sector last March, after some detailed discussion. The key difference is that we have moved from the compact, which we used in the past and which was a rather general statement, to a very practical concordat. The key aspect of the concordat is that, each year, we have to produce a report to the Minister and the Executive on how the voluntary and community sector and the Departments, led by DSD, have worked together, and, in particular, how we have resolved some of the key issues that need to be sorted out to make sure that our partnership is effective. We heard today that unemployment is at its worst level in 17 years. We look at the pressures that will be around here. We recognise that, unless the partnership is effective, we cannot deliver the quality of services to the public that is essential.

Four action teams have been set up and are working on the area. The first looks at reducing bureaucracy in funding arrangements; the second looks at how we can implement an outcome-focused approach to funding; the third looks at how the voluntary and community sector can be better involved in the policy process; and the fourth looks at the structures and governance underpinning the arrangements. We are working through those issues. We have also been working closely with the Audit Office and our Department of Finance and Personnel (DFP) colleagues on an initiative called Working Smarter, where we have looked at our joint funding in relation to one organisation, the Law Centre, to see whether we can improve collaborative funding. That will be a key part of our work to reduce bureaucracy.

The past year has seen the Charity Commission for Northern Ireland moving forward. Although there is still some work to be dealt with in legislation — the Minister has to resolve certain issues — the Charity Commission has been able to start to operate effectively. It will start its regulatory work in relation to 6,000 charities that are registered with HM Revenue and Customs (HMRC). The volunteering strategy is out. We have been carefully working on a consultation on the regional infrastructure support programmes, which you will see referred to, and work is going on in that regard. We have had a very significant consultation, with over 300 responses, and we are looking at how we take that forward.

We have been evaluating areas at risk and trying to make sure that that is working well. In the area of support for the sector, we have worked collaboratively with a number of councils, such as Armagh, Banbridge and Craigavon. We have also worked with Belfast City Council and, likewise, around Coleraine, to see how we can have better joined-up services to support the sectors. Likewise, our framework for advice services is being finalised at the moment.

Since I came into the job, one of the key areas on which Seamus and I have worked closely in the past year was making sure that the needs of the sector were understood during the comprehensive spending review (CSR) process. Seamus and I organised a meeting of all the senior finance officers of all Departments. Our key concern was that it might be easy to cut into the voluntary and community sector in the process of the reductions that we are facing. The point was that that was not the approach that anyone should take. We had a very good engagement with those Departments and, subsequently, Seamus had a very strong engagement with all Departments to make that message clear. I hope that that message was taken well and that it has influenced departmental thinking; my feeling is that it has.

Finally, we have a project team working on the database. A number of other agencies have started to put their work in place on that. We are working with a number of councils, which are bringing their projects on to that. I hope that we will get all councils involved in the next year. We are working much more to make sure that the database is fuller. It has been a very busy year. I think that we have been able to make some progress across a range of issues. It is a very complex piece of work, and we are very keen to see how, with your help, we can push it forward.

The Chairperson:

Thank you, Will. You mentioned the charity legislation. I turn your attention to paragraph 3 of

the Audit Office report. It states that work to compile a register for charities was to commence at the end of June 2010. What advantage do you think that register would have?

Mr Haire:

I will ask Maeve to come in on this as well. Once we have concluded that process, it will, undoubtedly, give us a much clearer picture and a definitive set of data on the charities in Northern Ireland and the background to that whole process. From hearing of the experiences of other charity commissions, I think that having a commission will give us clarity on the charitable position and the data that will, naturally, come from that documentation. It will also give charities an ability to look at their own governance and structures to make sure that they are effective. There is an entire aspect of very useful regulation, which, I know from talking to the Charity Commission, it will implement sensitively and carefully, realising that for many —
[Interruption.]

The Chairperson:

Bear with me for one second, Will. Someone's mobile phone has just gone off, and it is interfering with the sound system. I want to reiterate the point that I made earlier: please make sure that mobile phones are switched off entirely.

Mr Haire:

The Charity Commission will, undoubtedly, implement its work carefully and gradually to make sure that charities, especially small organisations, can adapt. They will benefit very much from having clarity on what they should be producing and how they should organise and register.

Ms Maeve Walls (Department for Social Development):

There is a public confidence dimension to what a Northern Ireland charity register will do. When it is fully established, organisations that are on that register will have been screened by the Charity Commission for Northern Ireland against a public benefit test, and the public will be able to take confidence and reassurance from the fact that the organisations that they are giving to, at a time when we are going to be encouraging voluntary giving to organisations, are bona fide.

The Chairperson:

Did the work to compile the register start when it was supposed to?

Mr Haire:

As you know, we have had a problem because there is an aspect of legislation on the public benefit test on which the Executive still has to conclude. Legal advice to get a resolution of that issue is still being sought. In the interim we have, by transitional legislation, allowed the commission to do regulation in relation to the list of 6,000 charities that HMRC has for tax purposes. We have been able to get that process in place. So we have a basic register, but that will be refined in due course, and we will get down to a correct figure after about a year of work by the commission. It should take about a year to set up a full register.

The Chairperson:

Did it start in June 2010?

Mr Haire:

We were not able to start the Charity Commission's register because of the legal problem. However, we have the transitional register, which is effective. So, the Charity Commission is doing its work for the sector.

The Chairperson:

When did that start?

Ms Walls:

I cannot give you an exact date. Around six to eight months ago we introduced transitional regulations to give the Charity Commission for Northern Ireland the power to use its regulatory powers on what, as Will says, was the HM Revenue and Customs list of Northern Ireland charities that had registered with it for tax purposes.

The Chairperson:

The report states that it was to commence in June, but it did not. That is in the agreed report.

Mr Haire:

That was the aim at the time of the report. The problem came subsequently. We had to pass the legislation, but queries about how various powers would be used arose. The Executive have spent some time looking at that issue.

The Chairperson:

Do you have an estimate of when it will be completed?

Ms Walls:

We cannot tell you that. We can tell you that the Minister is in discussion with the Attorney General and his office at the moment, and the matter has been to the Executive on three occasions. The intention is to look for as swift a resolution as we can find.

The Chairperson:

If you could forward the estimated start date and date for completion to us in writing, that would be useful.

Mr Hussey:

I have two very quick questions. You said that you want to reduce bureaucracy. I know that in another part of the voluntary sector bureaucracy has increased. I look forward to an assurance that there will be a reduction in bureaucracy, because anybody who is involved in the voluntary and community sector realises the amount of paperwork that they have to fill in. The paper trail is getting longer in another section of the voluntary and community sector, and I want an assurance that every step will be taken to reduce bureaucracy because, clearly, every time it is looked at, it seems to increase. Do you have any comment on that?

Mr Haire:

That will be a core issue arising from the report. We have done various exercises on how to reduce some of the paperwork. A lot of that comes back to the issue of public accountability and comes back to this Committee and our colleagues in the Audit Office. We have lead partners in relation to capital projects, which have a start date, a clear, agreed objective and an end date. In those areas, we have been able to have a reasonably streamlined system. The bureaucracy that Seamus and I have been talking about are the complexities that exist when organisations apply to a variety of different organisations that have different projects with different outcomes that need to be achieved in different timescales and, maybe, in different areas. It has proven extremely difficult for us to have one system of accountability, hence we are trying to work with the Law Centre as a reasonably easy example of where we might be able to see whether there are ways to share information or to develop and process it. However, those issues come back to this Committee and to public accountability. How can we give you the reassurance that you rightly

seek that public money is being spent correctly?

There is a wide range of activities, lots of projects and lots of ways of people claiming for money and so on. There is work through which we can get best practice. We should be spreading that best practice across the system, and my Department, as a lead Department, has a role, working with Seamus, to try to encourage that. We are very committed to working hard on this issue, but there are often very complex issues. I am not sure that I can give you any easy reassurance that, in complex cases, there is a simple solution that will give you the answer.

Mr Hussey:

I am not dealing with complex cases. In a specific, fairly easy project, the paperwork is getting more complicated. However, I will leave that one for the moment. You said that you are working with a number of councils. How many councils is that?

Mr Haire:

In relation to the database, we have used the north east cluster and Derry. They have come forward to try to make sure that the software and the system work effectively there. Next year, our aim is to try to push this right across the council system.

Mr Dallat:

Chairperson, I want to go over something you said. The register of charities was to be in operation by June 2010 but it is now October 2011.

The Chairperson:

It was to commence in June 2010.

Mr Dallat:

Yes. From the evidence I have heard, no one seems to be absolutely certain where it is. Is anyone demanding weekly reports on this so that we get to a conclusion? Or is it just something that drifts?

Mr Haire:

I assure you that this is a very significant issue, as Maeve has indicated. This has come back from a legal problem, when lawyers, looking at the legislation at a late stage, said that there was a

particular issue about the public interest test. Lawyers said that there is a question of interpretation that needed to be resolved. We have gone to the Executive on this issue three times. Mr Attwood took this issue to them, and there have been detailed discussions and a wide range of meetings with the Attorney General and others to try to get a resolution.

The new Minister, Nelson McCausland, has taken this seriously and has, likewise, met the Attorney General. Further legal advice has been sought by the Attorney General in relation to a particular aspect. We are awaiting the return from the Attorney General and, the moment that is cleared, my Minister is keen to bring this issue to the Executive to get a conclusion. I think that the solution will be a fairly short piece of legislation that should resolve this fairly quickly. We wish to work with the Social Development Committee to get rapid transition on that. The situation has been monitored very carefully but, in the interim, facing this problem, we set in place a transitional arrangement to make sure that the Charity Commission could use HMRC's database, so that the great majority of charities can have cover and be regulated by the commission. That has been covered very carefully.

Mr Dallat:

I only ask the question because it is no secret that the Assembly has not been particularly good about bringing forward legislation. Certainly, I would like to be reassured that the voluntary sector is not yet another victim of its inability to bring forward legislation that seems to me very simple and straightforward. Who is to blame? The Attorney General or somebody must be holding things up.

Mr Haire:

There are complex issues of legal interpretation.

Mr Dallat:

There always are.

Mr Haire:

Where there are complex legal issues, that often happens.

Mr Byrne:

Can I take it that charities and organisations that enjoy charitable status have applied directly to

HMRC to determine their tax status? Is that still a difficulty? Is it because HMRC's functions are not devolved that there is a delay in getting a complete list of charities?

Ms Walls:

The simple answer is no. When the public register for charities for Northern Ireland is fully established, charitable organisations or those seeking recognition for those purposes will apply to the Northern Ireland Charity Commission and, by agreement between the commission and HMRC, HMRC will accept the determination of the commission when the system is fully operational.

Mr Byrne:

Furthermore, am I right in saying that a growing number of organisations are being registered as charities, some of which are semi-private? They are doing it to get rates relief for their premises.

Mr Haire:

Sorry, I am not sure that I am well-placed to answer that question. I have no detailed knowledge of that. However, that is clearly a key reason for having a Charity Commission, as it can apply a public interest test and give us reassurance that the status is appropriate.

Mr Byrne:

That begs the question: what is the relationship between DSD and the Charity Commission?

Mr Haire:

DSD is the sponsoring Department for the Charity Commission but, clearly, it is a regulatory commission and is, therefore, independent of the Department. The Assembly has given it independent powers, and that is a key element of it.

The Chairperson:

Will, I draw your attention to paragraphs 1.13 to 1.17. The conclusion reached by the Audit Office is that:

“The Sector's involvement in government's policy processes has been limited”.

That is despite that involvement being a key theme in DSD's 'Partners for Change (2006-2008)' and 'Positive Steps' strategies. In view of DSD's lead role in promoting the sector across government, the Committee expects it to lead by example.

Could you explain to us how the sector has been consulted and involved in the decisions on the nature of the changes and the new policy that is emerging in relation to the Department's regional infrastructure programme?

Mr Haire:

I will ask Maeve to speak about the regional infrastructure programme, because she has been heavily involved in that.

In a wider sense, we are creating an action group to try to explore the policy process more fully. The report is saying that the systems on policy involvement have been more focused at the early stage of policy development, but there may be questions around policy evaluation and monitoring and later stages of policy. I must admit that, from my experience as permanent secretary in spending Departments such as the Department of Education, in areas such as youth policy and early years I felt that there was a reasonably strong involvement of the sector later in the process. However, like everybody else, I faced a complex issue when I started to do formal evaluations of the sector because I had to do so independently of the sector itself. That is because you are often evaluating work around that. However, we want to work closely to get the best answer and the best system that works for the improvement of policy.

Maeve, did you want to talk a bit about the regional infrastructure programme?

Ms Walls:

We in the unit aspire to lead by example. I am thinking about the work that we were engaged in with the areas at risk programme. From the very outset, community organisations and voluntary groups in local areas worked hand-in-hand with us in shaping that programme. When it came to delivering that programme, they were absolutely critical to the delivery process. Those same organisations worked very closely with the evaluators when it came to the evaluation of that programme last year in reaching a view about the benefits of it.

We have adopted the same approach on the review of the regional infrastructure programme that was mentioned. Our consultation extended to something like 300 organisations and not just those that we were funding. Although we recognised that they had an important voice in it, organisations beyond that, who used the services of those that we funded, were also included. Again, in preparing the new framework and priorities for that programme, the organisations that

we worked with in that consultation have been critical in helping us to shape it.

The Chairperson:

Was the overview group — *[Interruption.]*

Someone will run the risk of being asked to leave the meeting if they do not turn their phone off. Please double check that your phones are switched off.

Ms Walls:

The overview group that is mentioned in the report is an interesting model. Will has mentioned the new arrangements that we are putting in place to drive forward implementation of this concordat. They are going to be scrutinising from the outset, and I have no doubt that Seamus and his colleagues will keep the pressure on us to make sure that the implementation arrangements here are really robust. I am confident that the scrutiny function of that group will help us to know whether there is need for another oversight group, or whether something in the mechanics that we have in place already will be sufficient. Time will tell.

The Chairperson:

Again, the same paragraphs refer to people and organisations that do not always have enough personnel. They may not be able to afford it on many occasions because their staff are out doing many different initiatives. How does that tie in? I declared an interest earlier because I am involved in a number of groups, and I know that sometimes it is hard to release a staff member when something else crops up. Sometimes there can be one or two groups or lead groups; how do you think that is working?

Ms Walls:

The point you raise is a really important one for us. We are very conscious of that because we work not just with big organisations but with many small local organisations that might not have the skill, time or resource to have their voice heard. That is why we fund the support organisations that we do, organisations such as NICVA, the Association of Chief Officers of Voluntary Organisations and Community Change, so that there is a machinery of support in place for very local organisations. We encourage them to come together and collaborate so that their voices can influence policy. We also tell organisations — although they know this themselves — to be cautious about where they spend their energy in responding and not to feel the need to

respond to absolutely everything, because others may do that on their behalf.
As I say, our approach is to encourage the voices of small organisations.

The Chairperson:

Are you satisfied that the Department's proposals for the regional infrastructure programme guard against unintentional and unwelcome alterations to the roles of voluntary and community organisations?

Ms Walls:

That is the intention, Chair. It is early days, and the programme will become operational in April. It is certainly the intention behind the reform of the programme. I think that it is something that we will want to be very careful about when we come to look at the success of the new arrangements this time next year, and when we ask the organisations that are delivering and those they rely on for support what kind of service they are getting.

The Chairperson:

Have you thought about the potential risks involved in rolling this out? Do you have any papers or documents?

Ms Walls:

We have consulted widely, and the consultation responses have given us a very good body of evidence about what organisations are telling us about their support needs: 300 responded. I think that that is very useful information for us. I will be honest: there is another risk at the moment given that funding has become scarce. Front line organisations are sending us messages saying that their work is more important than that of some of the infrastructure organisations that are supporting them. The risk for us, therefore, will be in trying to get the balance right between supporting front line organisations and those that enable their work to take place. We will be vigilant on that risk.

The Chairperson:

Have you any completed papers on how that matter can be moved forward?

Ms Walls:

We have the new policy framework for the programme. We have not put it into the public

domain yet, because we have a piece of work to finish with the Department of Agriculture and Rural Development. We have partnered with that Department to make sure that we have a new collaboration for the programme. We are a short number of weeks away from putting the document into the public domain.

The Chairperson:

Will you share it with the Committee in the meantime?

Ms Walls:

Absolutely.

Mr Copeland:

With your permission, Chair, it is my intention to make one point and put three questions. My point is largely predicated and inspired, to a degree, by Mr Haire's reference to the voluntary and community sectors as opposed to the voluntary and community sector in his opening remarks. By using the terminology "voluntary and community sector", are we not in danger of putting whales and minnows in the one tank?

Mr Haire:

When we use the language, I think we recognise that that is a rather general statement of the process. We also recognise that there is a wide variety in the sector. One of the big challenges for us as a lead Department is to deal with the sheer variety of activity that is delivered by the sector, which covers very large housing associations and very small community groups and individual groups. It would be very foolish of us if we did not use an approach that deals with all the different needs and that we act proportionately to those needs. A key element for Seamus and his team and for other groups is to make sure that we act appropriately and, likewise, that their support is given appropriately.

Mr McAleavey:

I will comment on that. Sometimes people ask: "Is there a voluntary sector and a community sector?" When you begin to divide out the organisations, you find that deciding who falls where is not just as clear cut as you thought. I tend to describe our sector as a continuum, from the very small organisations that Michael referred to through to very large organisations, some of which are multinationals. So, our sector looks a bit like the private sector. It ranges from the corner

shop, where maybe one person or a family is involved, right through to organisations such as Oxfam and Save the Children, which are working on three or four continents and are basically multinational organisations. I think that one of the things that we will talk about quite a lot today is bureaucracy. The key is proportionality. How are the organisations treated? Small organisations should not be treated like big Departments or even big voluntary organisations.

There is also a lot of work for us in our sector. We talk a lot about partnership. We have to consider how our bigger voluntary organisations, which are big service deliverers, partner much better with community organisations. Some of them do that well.

We have to recognise there is a huge difference in scale. The report picks up on some of NICVA's research. It looks at 4,700 organisations. When we looked at where the money was, we found that more than 50% of all of our sector's income — the whole range of money coming from the public purse, the public and independent charitable trusts — goes to less than 4% of organisations. That is because the vast majority of money tends to be in big service delivery areas such as mental health and children's services.

A very large number of organisations survive on little or no money or have no connection with government, any other agencies or financing. They are incredibly important in what they do. We must not see the voluntary and community sector in a one-dimensional way; in other words, that the "bit I know is what the rest looks like", because that is not the case. Your point is important. I tend to describe it as a continuum and we have to recognise that we have to engage with it in a proportionate way. A lot of the stuff that comes up in the report is important and key to that.

Mr Copeland:

Thank you. I personally think that the investment of an "S" might bring considerable return for that investment, as well as kudos with the smallest groups that operate at the very bottom of the pile. Figure 2 on page 13 of the NIAO report sets out the key themes of Positive Steps. If I may use an analogy from school, a place I left many years ago; if Positive Steps represents your Department's homework, how well do you think you have done?

Mr Haire:

To mark my own work is very creative. The Positive Steps report was published in 2005. In preparing for this meeting, I looked at each of those areas and thought about how we did against

that process. I can see movement in significant parts of those areas. We can look at regulation, lead Ministers, community investment funds and departmental leads. I can go through the list and give you a detailed, blow-by-blow account. Through the various reports and systems, we have been able to implement a fair proportion of it.

However, what we have not done, perhaps, is to find a resolution on the complex issue of bureaucracy. That is the question Mr Hussey asked. Do we have a streamlined system that avoids undue pressure? Although we have not achieved that, I would say that it is a very difficult area and we did try to do so. In 2007, we issued all the information, advice and very good documentation that we had. We had a “Dear Accounting Officer” letter that set out, with the agreement of the Audit Office, how best to practice in this area. We did all those things, but clearly it is not necessarily the system as a whole that is not implementing well.

We did work on policy and sector involvement, yet we hear that the sector is not happy about that process. So, there is more to be done on that. With regard to outcomes and getting an outcome process, the report emphasises that we have done some very good initial work. We have developed that work, but there is still more to be done before we move towards the use of outputs and outcomes as a measurement in the process.

We achieved a lot, but a lot more is to be done. Therefore, I would hope to give ourselves at least a seven out of 10.

Mr Copeland:

Will you comment on dormant bank accounts in the table in “Note 1”, whereby the money in an account on which there have been no transactions for 15 years will go to social and environmental purposes, commencing in 2010? What activity has there been on that front?

Mr Haire:

I may ask Maeve or Gordon to give details of the process, but my understanding is that it has been a much wider issue. Obviously, the Treasury is lying behind the issue of access to dormant accounts. The situation has not been resolved yet, but the Finance Minister has been taking a strong personal interest in the area and is working to try to get a resolution. The issue is how the money can be accessed and where it can be used. My understanding is that the forecast of how much money will be available is, perhaps, significantly lower than what was hoped for in the

early, rather optimistic, phase.

Ms Fiona Hamill (Treasury Officer of Accounts):

Northern Ireland received its first tranche of funding in August. It received £800,000. The Minister of Finance is currently considering proposals for using that money in Northern Ireland. Following that, he will, first, consult with the Committee for Finance and Personnel, and then, through the First Minister and deputy First Minister, take it to the Executive. It is not the very large sums of money that we had hoped for initially.

Mr Copeland:

I thank you for that clarification. By the way Will was talking; I thought for a moment that the Finance Minister maybe had a dormant bank account. *[Laughter.]*

I move now to paragraph 1.11 of the report. What is the difference between the compact and the concordat?

Mr Haire:

Perhaps Maeve will give you the detail on that. The compact was a rather general statement about working together. It was a general approach and process, which came from the direct rule period. It was an issue that Departments took into account. The Committee has copies of the concordat in the papers that were circulated today. It sets out a process whereby, every year, my Minister has to go to the Executive to give a report on how well the sector, the Department, as the lead Department, and all the other Departments are working to resolve some of the key issues and how well that has been achieved. If you look at the document, you will see some of the commitments in areas in which we agree we have to work through and get agreement on. We have moved down to 12 commitments. In early discussions, we identified four or five commitments, which we see as key for the first year's work.

The key difference is in the public accountability for the relationship and the fact that there are going to be annual reports, rather than the more generalised process there has been up to now. I think that the concordat is more likely to get traction than the compact.

Mr McAleavey:

I will add to that, having been involved from the voluntary and community sector side. The

compact was discussed and put in place by the direct rule Administration and brought forward by the Labour Government. When the word “compact” was used, we rushed to the dictionary to be clear on what it was. It is another word for “contract”, and it was between the two parties — government and our sector. We were involved in a working group that drafted the compact. As Will says, it was a high level document. It was very aspirational, and it said very good things about the relationship between government and our sector.

Generally, such items should be revisited within four or five years and updated as things go along. Under devolution, there was discussion about doing that. The voluntary and community sector side was very clear in talking to colleagues in DSD that we wanted to see something that would take us beyond the fine words. Fine words are very important and very good, but we wanted to see that you could make a better relationship between that and the daily actions between government, in all its forms, and voluntary and community organisations. Interestingly, a lot of that centred on the bureaucracy and the overburden of bureaucracy. We wanted to see something that had more teeth. I think that that is beginning to emerge in the concordat and, in particular, the work programme and the things that Will has set out, the idea that we will look at bureaucracy, funding arrangements and how those are dealt with. Ultimately, that is where the rubber hits the road; that is where people whom you are talking about, Michael, those on the ground, find out whether it makes a difference.

Ms Walls:

I return to the question that was asked earlier about the impact of the sector on policy development. It was the view of officials that we needed to refresh the original compact. Pressure from the sector and from the Assembly debate led to the view that something quite different was needed this time around. That process led to the development of the concordat that was agreed by the Executive earlier this year.

Mr Copeland:

Did Seamus apply the dictionary test to the word “concordat”? If so, did the answer give him grounds for optimism?

Mr McAleavey:

I am always optimistic; you have to be optimistic in this world. Our sector is like that. Things can always get better. Obviously, the word “concordat” is another term that is very close to

“compact”. However, the proof of the pudding is always in the eating; it is about what we do about these things. The important bit is how we translate them into real action.

Mr Byrne:

As Seamus said earlier, the compact was obviously an aspiration, but it did not have any great functional mechanism. Will the concordat have a functional mechanism? Who will put it in place?

Mr Haire:

We have four action groups under the concordat. They have already started to meet to go through the particular issues with which they have been tasked. Every year, they have to report to the Minister for Social Development, who will have to report to the Executive. We have to publish that report. There is a very clear mechanism, and there are various structures and meetings underneath that. Those are set out in the document. There is a very clear mechanism in place that should make a difference.

Mr Dallat:

The jargon irritates me a wee bit. Up to now, a compact was a portable device that was carried by women and men to cover up blemishes. *[Laughter.]* I understand that we have abandoned that and now have a concordat.

The Chairperson:

What does that cover up?

Mr Dallat:

Exactly. Are we sure that the change of jargon means that all the shady figures who had their fingers in the pie are all gone and the whole thing is squeaky clean?

Mr Haire:

I am not going to comment on the past. The point about language is that we all use different words.

Mr Dallat:

Jargon.

Mr Haire:

Jargon, or whatever you wish to call it; however, the key point for me is that there will be an annual report, which has to go to the Executive and which has to be agreed by Seamus and his colleagues. The sector can use that process very sensibly, as it already does, to make sure that its voice is heard. There often has to be quite robust debate between the public sector and the community and voluntary sector. It is about a robust, effective partnership; it is not about sweetness and light. There are some really tough issues that we have to hammer out; not all of them are easy. The sector often has to raise its game in different areas to deliver for the public. These are the issues that we have to deal with. In truth, it will depend on how well we use the mechanisms. I think that they are effective, but they are only as good as the effort we put in. I readily admit that.

Mr Dallat:

That is a fair answer.

Mr McAleavey:

The key bit about the concordat is its implementation. It is about the points that Will referred to, such as the working groups that will deal with bureaucracy, policy influence, outcome-focused funding and reviewing the structure of the joint forum. The big thing that comes out of the report is the need to streamline bureaucracy. NICVA says that accounting for public money is absolutely important. We are not looking for a light touch in this regard. We are looking for something sensible and streamlined and that does not interfere with the delivery of key outcomes and services.

I have been clear to Will in our discussions that, to try to crack bureaucracy, we need to have the involvement of officials from the Department of Finance and Personnel, the Northern Ireland Audit Office and others. The issues that are going round — lead funder was mentioned — are very important to me. We know of organisations that have had five different teams in a week coming to check. That needs to be sorted out.

I am forever quoting the Treasury document, ‘Improving financial relationships with the third sector: Guidance to funders and purchasers’, which states:

“Where organisations are multi-funded it is good practice to appoint a lead funder to streamline application processes, co-ordinate monitoring and inspection arrangements and to minimise the number of evaluation systems and visits.”

We talked to the Audit Office and a lot of other people at the time of the task force that looked at the voluntary sector. I remember engaging in those meetings with the Audit Office, and its view was that a lead funder was a good thing because it took an overview and could give assurance to Departments and agencies. As Will says, this is incredibly difficult to crack. I have sympathy with the Department in trying to gain authority across all the others in the arrangements. It is not about the DSD; it is about every Department and all their agencies. So, it is incredibly important for us to begin to crack that issue, and this will help to deliver for people on the ground.

We are not trying to duck responsibilities. We are just trying to make sure that they are streamlined and that we spend the majority of the money on the activity. It is about value for money. You do not want a huge amount to be wasted. People tell me that the goalposts change all the time. Three years into a project, someone will come along and say that they are now looking for a certain sort of reporting and information. That is not fair; it is mad, and it is maddening for people. If we know what we are supposed to do, we will conform with that. We are not looking to duck the issue. We are just looking for something sensible. Those are the teeth that Will talked about.

Mr Copeland:

You will be glad to hear, Seamus, that this is my final question. Are the sectors that make up the sector — if I can put it like that — signed up to the concordat? In your view, what more needs to be done to create effective partnerships between government and the sectors involved?

Mr McAleavey:

At the high level, partnership between government and the voluntary and community sector in Northern Ireland is very good, and it has been progressing, particularly under devolution. Our sector recognises that the Executive and the Departments have listened, particularly during past couple of years, when we have been talking about the difficult issues of public expenditure and where that is going. We think that we have been treated fairly and that they have listened. For instance, I asked Will to organise a meeting with the chief finance officers of all the Departments, and he did so. Such a meeting has probably never taken place before in which all of the principal

finance officers have met a group of people outside the Departments to discuss issues. So, at the highest level across Departments, things are quite good. We need to try to push that down through what is a massive system.

In our sector, for example, ordinary groups and organisations in east Belfast might say to me that the concordat is very good but that, if it does not deliver for them, it will mean nothing. They want to see change and that the daily relationship is constructive. Things often fail on the reporting and audit side, not at the level at which you are trying to negotiate arrangements for the sector as a whole.

Mr Hussey:

To be perfectly honest, a lot of community groups would not know what a concordat was if it landed in front of them, and they would not be interested. Paragraph 1.26 of the NIAO report alludes to the funding pressures being placed on the sector and government. What is the sector's response to that? Are amalgamations and downsizing ways of ensuring the sustainability of the sector and improving its effectiveness?

Mr McAleavey:

Our sector and NICVA has done quite a lot given the funding environment and economic situation in which we find ourselves. Since 2008, we have been setting out the environment that we are in. We recognise the squeeze on public expenditure, and we have been making the point to government that we want to ensure that organisations are not treated unfairly. We want them to be measured on the basis of their outputs and outcomes. Quite a lot of organisations are often involved in prevention rather than cure, and, ultimately, help to save the state quite a lot of money. We should focus on that. The danger to our sector is that many funders might deem the activity to be peripheral; so, there will be a lot of threats to organisations before opportunities come along. Many organisations in our sector can do a lot to help government achieve their objectives in very tight financial circumstances, but they need to be treated fairly. That is a key issue.

We worry that opportunities are just taken, and that the opportunity of a crisis allows people to make crude cuts. One thing that NICVA is trying to do is to monitor that situation. We have asked government to ensure that we are treated fairly. We will try to monitor government's treatment of the sector, and if we see that it is not fair we will say something about that and put it

into the public domain.

Mr Hussey:

Following on from that and moving on to Mr Haire; how is the public sector responding to those pressures and how is it supporting change in the sector?

Mr Haire:

One of the key processes that we put in place in the past while was the modernisation fund, into which we put £18 million. It was for a range of initiatives that sought to help create a rationalisation, or better working together, of the sector, and a better use of support activities across the sector. We have a wide range of projects, and I will ask Maeve to give you some examples of those.

There have been some significant moves, and some organisations in the sector have improved their own processes. For example, work has been done by the advice sector, and there have been significant amalgamations and developments in the volunteering sector. It is a very difficult thing for organisations to go through, but people have seen that it is the right way to go, as it is a way of driving out certain costs and improving service quality. We have supported that process and we will continue to see how we can give the best advice to people on how they can deal with that issue.

There is a big challenge coming. The NIAO report has correctly told us that a very significant part of the sector — in its broadest sense, going back to Mr Copeland's point — is being funded with public money in return for public services. In what will be a much more competitive environment, and one in which quality will be important, there will be pressure on the sector to demonstrate the quality of its work, and that will require larger organisations to perform consistently. There is a major challenge in balancing this with local community involvement in the process. We are facing quite a significant time, and the pressures on budgets will make that worse. Maeve, do you want to talk a bit about the modernisation work that we have supported?

Ms Walls:

Will mentioned the capital modernisation fund. The aim behind that fund was to provide capital funding for organisations across Northern Ireland to secure premises that would allow them to co-exist with others. The Omagh Community House is an example of organisations having been

able to come together in a shared space to drive down their cost structures. We evaluated that programme from the beginning and we have some very positive indications from it. We must bear in mind that we are not at the end of the process yet and that the evaluation is being running in tandem as the projects develop. However, the figures indicate that 87% of the projects that we supported indicated that the grant had enabled them to increase their range of services, and 87% felt that they were better able to share a resource and organisational space as a result of their grant they received. Therefore, there are encouraging signs about how that money is being put to good use.

In addition, and as Will mentioned, we have supported some collaboration and merger work. We invested a small amount of money in the Building Change Trust, which is an important initiative that helps organisations to come together and to work together differently, again to drive down costs or to identify new sources of money. We supported the merger operation in the former Volunteer Development Agency and we did some work for Citizens Advice. Beyond that, an important strand of our work is helping organisations that are doing good work to prove the worth of that work. That work is referenced in the social return on investment document as a technique to help organisations large and small to demonstrate the impact and the public value that their work has giving rise to, and to leave them in a stronger position to bid for money in the future.

Mr Hussey:

I think you referred to Volunteer Now. I want to put a wee spoke in for them. It is an excellent organisation. I am not sure whether anybody is here from that organisation, but I did a course with them and there is more than a tick in the box for them.

Mr Girvan:

The document throws up a number of areas of concern. Paragraphs 2.2 to 2.8 deal with the funders' database and highlight its importance in strategically managing and co-ordinating the funding of the sector. Your Department has been responsible for developing and managing that, so why, after seven years, is it so limited that it does not even hold complete records of basic information such as who paid what to whom and for what? That is a glaring breach that needs to be closed.

Mr Haire:

We worked on the basis of trying to win people's hearts and minds to use that database. That has worked in central government. We got all Departments signed up to use that process. We also got a fair amount of agencies on board, but there has been an issue for the health trusts and the education and library boards because they argued that they have their own systems, knew what they were funding and did not see a particular value for them in putting the resource into that new system. At a time when both organisations were setting changes, the message came that it was not a priority for them. I have written again to my health colleague to ask him to look into that issue.

We are unique in the British Isles. No other Administration has anything like this. We have a much fuller database than anybody else because of that process. So, we have worked through that and we have been able to get a database that is now being used around the system. It is particularly valuable for Departments, organisations and funders to check what other organisations are being funded and given resources for, so they get a better sense of those organisations.

That transparency creates more public confidence about whether there is any question of double funding, etc. The database has been useful in that sense, but you are right: we need to push it further. We are working with the five councils coming on this year and will then push it to the rest of the councils. The question of the health trusts is one that we are trying to resolve.

We improved the functionality of the software, so people can interrogate it more. We worked with focus groups to help us to improve that and we have a team pushing that forward. The amount of data on the database is quite sophisticated. The database does answer a fair amount of what is set out in paragraph 2.4. We have some ability to give a reasonable level of answers about a number of those areas.

The database gives the objective of each grant, the type and nature of the funding and the target groups. I think that the related letters of offer are also available through the database. That is at a lower level but people can get all the letters of offer, and a good letter of offer will answer all the points made. So, it is quite an extensive database. It is just a matter of trying to make sure that everybody signs up to that process, and we have not achieved that yet.

Mr Girvan:

What mechanism is in place to ensure that there is no double or even treble funding? We appreciate that the sector deals with hundreds of millions of pounds as well as some European funding, which may not necessarily always be accounted through the same sector because it could be looked at by the Special EU Programmes Body (SEUPB) or whatever. We are aware of examples of double or treble funding, although this is perhaps not the right forum to discuss them. However, there have been glaring irregularities in the past. I am not going back into history; I am talking about the recent past. I want to know what mechanism is there to ensure the accuracy of the database and its overall usefulness.

Mr Haire:

It is a requirement under the dear accounting officer letters that went out, which form the background to this, that the internal audit of Departments should check that the funds that they give are entered appropriately in the database. For example, in my Department and others, we have checked that out and we are happy with it. We drill down and check out the database and our stuff appears to be accurate.

However, you touch on a key wider issue. The database is a useful tool, but it is just a tool in a process. It requires, and the Committee often requires us, to do spot checks and send people into those organisations to do that. Often, when a group has three or four funders, it inevitably means that a number of different internal auditors have to go into that organisation. Yet, understandably, Seamus and the team say that they are being audited to death. There is a big issue about bureaucracy and how we go about it. It is a question of balance and risk management; that is one of the key issues. How do we manage the risk?

My Department funds a large number of organisations because we are in the wide area of community development. In the last couple of years, we have pioneered a system whereby we risk assess organisations. We use all the knowledge we have and ask ourselves whether the organisation has a reasonable track record or whether it has still to prove itself. We are reasonably happy with 91% of the organisations we fund. Because of that, we go in and check all the expenditure of such organisations in one quarter of the year. We randomly select that quarter, of course. We test drill such organisations in that way; we are not going to check everything. That still requires a lot of work, from their point of view.

For the 9% of organisations that have still has not proven themselves, we have to go in and ask lots of detailed questions. That is frustrating for the organisation, but it is the only way that we can look you in the face and say that we have done our job to ensure that public money is protected. The difficulty that Seamus, Maeve and I have is to find mechanisms that work appropriately for all these organisations.

Mr Girvan:

Our difficulty is that, perhaps historically, one or two bad eggs have made it very difficult for everyone, and we have now had to audit to death this whole Department, to ensure that public money is not wrongfully used. It takes only one or two organisations to create a major problem for the whole industry, and that is exactly what has happened here. On that basis, we now have to be totally accountable, open and transparent in every single transaction. I appreciate that we are dealing with multiple organisations. I use the example of SEUPB because it dispenses somewhere in the region of £90 million throughout this sector. If that £90 million is not accounted for on your database, how can we be sure that there is not a dual-funding approach? It could be dealt with through one area, yet SEUPB could be delivering it but not adding it to the database.

Mr Haire:

No database will give you the protection that you want. It cannot work that way; you cannot have an absolute check. However, the database is at least a useful guide to those doing the audit. It helps them check those things out. Ultimately, you have to have checks and go into the organisations in quite a bit of detail to give you that confidence.

Mr McAleavey:

To follow up on that, your second question was about double funding. The idea of a lead funder is that there is a single audit and then assurance is given to the multiplicity of the public funders that might be involved. I discussed that issue with the previous Comptroller and Auditor General, John Dowdall. He said that, in respect of double funding, the presence of a lead funder gave him assurance, because someone or some body was taking an overview. They were not checking on their portion of the funding in an organisation, but taking an overview. I am inclined to agree with that. I think that a lead funder gives you that type of assurance.

The second issue is the database and the importance of that. We have to realise the context.

Under British law, what is not proscribed is legal. We can form organisations and we do not have to tell anyone. In the early part of the meeting, we talked about the Charity Commission. As Will said, regulation of the bodies that have been given charitable status by the tax authorities in Bootle is being transferred to the Charity Commission. All we know about those bodies is that they were given tax exemption, based on their charitable purposes. We will have to find out how many of those organisations are still active. Not all voluntary and community organisations will be charitable. Therefore, once that register is in absolutely tip-top shape, it will not take care of absolutely everyone. There will always be difficulties.

In continental Europe, the opposite is the case: what is not legal is proscribed. In France, you can be told exactly how many organisations exist and what they do, because, in law, they must have statutes, and they must reply. The British system is the opposite of that and allows freedom of association. That is very important.

A database like this is a big help and offers some added value. The report also says that we in NICVA have some of the best information in the sector from the research that we have carried out. We would like to depend on the database too, because we would like to be able to check everything. We look at voluntary organisations' accounts, and we gather that information and report on it. We would like to check it against the database, and we would like to know who has a grant, who has grant and aid, and who is in receipt of a contract, for instance. That would allow us to comment on that.

One of the difficulties that we have to recognise is that if there is not absolute authority behind something like this, the Department, at times, has difficulty delivering on it. However, others who have no responsibility to the Department for Social Development can say that it is not a priority for them. I am wondering whether there is an authority issue, although I accept Will's point. NICVA has a fairly big database too, and I accept that once you have a database, it will never be absolutely accurate, but you always strive to make it accurate. I wonder whether it is the authority behind the Department that ensures that all the other public bodies play a part and see it as a priority issue. *[Interruption.]*

The Chairperson:

I want to bring in Paul Frew for a supplementary question. I remind everyone to switch off their mobile phones. Unfortunately, we cannot tell what area the noise is coming from.

Mr Frew:

Paul asked his question in respect of double funding. I want to ask the same question with regard to the different levels of accounting and auditing. Take, for instance, a voluntary body that goes to receive funding, and there are at least three levels of funding from various sources, but usually from the same block. Usually, the different levels are asking the same questions in a different way, which produces a different answer. How stifling is that to the organisations that you represent?

Mr McAleavey:

It can be horrendous. We have an organisation in east Belfast that was carrying out a project. It did a check on the amount of time, effort and money that was put into the reporting and believed it to be 30%. People have to realise that there is a cost associated with excessive reporting, and, ultimately, that cost comes out of the resource that is being spent on whatever the activity is. Therefore, it can be horrendous.

It is mentioned regularly in the Treasury document. Treasury talks about being proportionate. We hear horror stories of very small organisations with small amounts of money being asked to report almost as if they were a Department. Treasury has commented on that as well. It has also pointed out that government finds voluntary and community organisations useful in getting to places that they cannot. They have to realise that the last thing that you want to do is turn those organisations into an extension of the Department.

Everyone agrees that that needs to be tackled: the Audit Office agrees, Treasury agrees, and the Treasury document is backed by the National Audit Office in England. The key point is how we translate that into real action. That is why I am hopeful that we will get some action this time and crack it through the proposals that Will is putting forward. Otherwise, we waste public money.

Ms Walls:

I will say something about the horns of our dilemma with this. A short number of years ago, the Department invited external scrutiny of its funding arrangements with this question in mind: were the arrangements proportionate and appropriate? The view that was returned was that they were. Those staff were not exercising discretion that may have been available to them. The staff who work with me in the administration of grants place huge importance on ensuring that we are

fully compliant and that we return satisfactory assurance ratings on audits. So, that group of people are doing their job and following procedures. However, Seamus pointed to something more fundamental and more systemic about how grant making works at the minute. As Will said, the concordat now needs to look at, in practical terms, what we might do to resolve some of this.

Mr Haire:

My Department's accounts were qualified for several years for exactly that reason. Several years ago, we had a long, bad period for grant giving. Therefore, we worked with our Audit Office colleagues over many years and got to a good system. Our accounts are clear on that issue. In those areas, we are often implementing requirements that, ultimately, flow from this Committee and from the authority of the Assembly. It all points to the need to approach all Departments to see whether we can have dialogue about how to learn from best practice and align our processes and systems appropriately. However, we need to go to the Department of Finance and Personnel and, ultimately, to the Audit Office to sign off any agreement on that issue, because staff involved in that area are genuinely trying to do their job effectively.

Ultimately, if we are to get a solution, this Committee has to be involved in the compact or concordat. It will be difficult. Our Scottish colleagues have tried this for some time and have not succeeded. I often feel that they have nearly given up on the idea. I do not know what Dublin has done in that area, but I know that London has talked about it for a long time and I am not too sure whether any easy solutions have been found there. So, let us focus on this issue, but let us be realistic: there are some very complex issues to be addressed.

Mr Frew:

I am not sure whether Paul is finished, but I would like to ask one question to the Treasury Officer of Accounts. There is no point in any Department, whether it is DSD or another Department, showing discretion if it will be hammered by DFP, the Audit Office or another body. Is there guidance on best practice here? Is it possible to achieve uniformity right across the Departments?

Ms Hamill:

We need to look at that as part of the work that Will and Maeve referred to under the four work streams under the concordat. We now need to see what good practice we can develop because, as we have seen in other areas and other jurisdictions, it is complex. However, at this stage, our

intent is to see what we can do to streamline things and develop. Also, particularly if we take a more risk-based approach, we will have to discuss it with the Audit Office to make sure that it will hold up to external as well as internal audit scrutiny.

Mr Frew:

That leads me on to another point. How much input do you have into the European funding sources?

Ms Hamill:

European funding is under the jurisdiction of the EU.

Mr Frew:

Can you not have any impact whatsoever on good practice in that regard?

Ms Hamill:

With regard to scrutiny?

Mr Frew:

No; with regard to good practice and trying to show a level of discretion there. The European funding side is probably worse than our internal funding, and we can see the level of auditing around the rural development programme. Is there any way that we can influence that process to make it easier and to show a wee bit of discretion?

Ms Hamill:

We will certainly review our practices and responsibilities. Our experience of European funding is that we are expected to meet the standards and that we will be penalised if we do not. Everything has to be constantly reviewed, and this is an appropriate time to review practice across the board. If we look at how we work with our local community and voluntary sector, we can check things with the European side as well.

Mr McAleavey:

We should not abdicate any of our responsibilities with regard to European programmes. A lot of things are open to interpretation. We get more horror stories associated with European funding than anything else. For example, a women's organisation bought stationery over the period of a

project on a quarterly or six-monthly basis, and the amounts were relatively small. That spending was approved and vouched for by the relevant organisation and was passed by its finance officer. When a final audit was done after three years, it was decided that the organisation had broken procurement rules because the cost of stationery had reached the sum of about £5,000 over the life of the project. The organisation was told that it should have procured for the lifetime of the project. The organisation was disallowed that money, having had it approved and vouched for. The largest amount of money that it spent during the time was £258. Therefore, over £5,000 was taken from a very small organisation, which will have to find that from other charitable funds. People just cannot understand the fairness of that; they think that it is about interpretation.

I sat on monitoring committees for years, and I gave up on some of the stuff that I tried to deal with regarding logos and things like that for communications. As far as I was concerned, the instructions were that the logos would go on things that were published. However, it just ran out to everything. There is a lot that we can do in that regard. I would certainly like to see it being within the ambit of the groups that Will is talking about.

The Chairperson:

Maeve, you said that an external scrutiny process was undertaken. Who were the external consultants?

Ms Walls:

PricewaterhouseCoopers.

The Chairperson:

Are there copies of the consultation that could be shared with us?

Ms Walls:

Yes.

The Chairperson:

Thank you.

Ms J McCann:

You touched earlier on the modernisation fund. I have a couple of questions about that. Figure 6

on page 26 of the report provides the details of the fund. It states that the revenue and capital elements were both oversubscribed when the applications closed back in 2007. It also states that neither of the budgets were fully allocated in 2010. Maeve, you touched on the evaluation. The objectives of the fund are set out in paragraph 2.20. Which of those did the fund achieve?

Ms Walls:

I have touched on some of the evaluation evidence that has come forward on the modernisation fund capital. Returning to your first point, the fund was oversubscribed by a factor of something like five-fold. We thought about that afterwards, because part of the learning for us is that we sought to publicise the fund very widely when it was first announced. We engaged across the piece with voluntary and community organisations to provide them with details of the fund.

It is too early to give an end-of-term account on the modernisation fund capital. As regards spend, we expect to commit the programme fully. There are two outstanding projects for which we have not yet issued contracts for funding because they need to assemble their piece of other funding sources. When that happens, we will be in a position to release contracts for funding. We are one partner in that regard.

Some comments were made about bureaucracy. We have adopted a lead funder role where we are the largest funder in the capital projects. There is reason to be positive about that. We are gathering information about those who use the facilities that we funded under that capital programme. Like I said, it will probably be two or three years before the end of term report can be written, simply because of the way in which the fund developed. We released it in tranches. The first tranche was smaller grants. The most recent tranche has been the larger grant funding to organisations like Cultúrlann and the East Belfast Community Development Agency. It will be some time before we are in a position to make definitive statements about the impact of that funding.

Ms J McCann:

Seamus, from NICVA's perspective, how well do you feel that fund was implemented and administered? How useful do you think it has been in bringing about change in the sector?

Mr McAleavey:

Clearly, the fund will have done good work. It has aided organisations such as Age Concern and

Help the Aged with merger processes and things like that. The capital side was very late to get running, considering when it was originally allocated by the Minister of Finance and Personnel. When you look back at the number of applications, the fund was thrown very wide. It probably could have been more strategic and targeted at change. Maeve referred earlier to some of the work with the Building Change Trust. NICVA is doing some of that work, and we are helping organisations. Five are in merger processes at the moment. We have 180 organisations that are keen to engage. There is probably more that could have been done.

Ms J McCann:

Will, paragraph 2.24 of the report states that there are 240 support organisations in the sector, which is quite a high number. It states that those groups had no real strategic oversight or co-ordination. How many of those organisations are still there today? Who funds them, and at what cost? Will the work of those organisations be sustainable in the future?

Mr Haire:

On the support level, my understanding is that a significant number of organisations right across Northern Ireland are still involved in that process. One of the issues that the report highlighted is that we have not been able to rationalise the support structures as well. As the report makes clear, one of the big issues was that the review of public administration (RPA) is key. Until you have a sense of the local government structure, it is logical to relate local support to local government structure. The delay in the RPA has caused problems.

The work that we did with the previous Ministers indicated that, if you are going to do it, you probably have to be willing to put some quite significant transitional funds up front. If you do not do that, some of the smaller organisations may go to the wall in the process. The issue of how we take that forward is one that still stands out. As we have described in relation to the modernisation fund, people in places such as Coleraine, Omagh and various other areas are already carefully manoeuvring themselves into that co-ordinated, more local system here even though the RPA has not gone ahead. There is important learning to be taken forward in that process.

The area of support structures is unresolved. The modernisation fund had the advantage of giving us some learning about what works and what does not. It is a major challenge as we go forward because we will have to find more sustainable structures for the future.

Ms Walls:

The 240 organisations that are quoted were self-reporting. They saw themselves as support organisations when the Department said that we would develop a support strategy. It was in the interests of the organisations to identify themselves in that way. I suspect that the number is much smaller. In parallel with this, we support 34 organisations under the community investment fund, 13 of which are women's centres and the others are multi-functional community development organisations like the Confederation of Community Groups in Newry or the Ards Community Network. Thirty-four organisations across Northern Ireland are in place and have been developed and supported by that fund, and they are providing a dual role in many instances; a community development function and a support function for other organisations. Therefore, the nucleus is much smaller than the 240 that are there.

Ms J McCann:

Going back to the report and reading paragraphs 2.24 to 2.30, the Department seems to be falling down a lot on delivery. For instance, it is six years since a support services strategy and an ICT strategy were promised, and those have not been delivered. Why is that? Why is taking so long to produce them? Would it not have been better if the modernisation fund had been used to support positive change in the sector? Why did that not happen?

Ms Walls:

The short answer is that it would have taken less time had the timetable for the review of public administration come on board at an earlier point. The two programmes in our unit, the community investment fund and the community support fund that we administer across all 26 councils, were earmarked for transfer to local government, which is key to the notion of what a local support services strategy would look like. That is one reason. The second reason is connected to the point that Will made earlier. When we looked at this in 2008-09, unlike in England, where a substantial amount of public money was invested in capacity builders and in creating the framework that you are talking about for support, there was not that budget here. Therefore, there were two options. One of those was to advance the support services strategy and reduce the number of organisations being supported. However, the consequences of us trying to effect that transition within our existing budget would have been very detrimental to community development support across Northern Ireland. The likely consequence, as we anticipated it, was that funding would have been reduced or ended to almost half of the organisations that we supported at that time.

Ms J McCann:

Seamus, what has been the impact on the sector of those programmes not being implemented?

Mr McAleavey:

It means that things move very slowly. We engaged on this issue; and one of the things we looked at through the task force on resourcing the community and voluntary sector was supporting organisations at a Northern Ireland level, perhaps through a generic body like NICVA. However, there would also be bodies such as Disability Action or the Rural Community Network that might provide particular support to organisations locally.

On Maeve's point about RPA, I talked to organisations locally in different district council areas. One of those, the Confederation of Community Groups in Newry has been mentioned, and there was also a Confederation of Voluntary Groups in Armagh. What we said to those groups then was that it was clear that we were moving towards a scenario in which we would provide one support organisation in what would have been 11 district council areas. That slowed and then stopped, with the result that an organisation such as the Confederation of Voluntary Groups in Armagh is not there anymore; it is gone. Therefore, this does have an impact and change takes longer than we would all like.

Our thinking has also moved on about this, and we are looking at a lot more vertical and horizontal integration. What I know from NICVA member organisations, whether they are community groups or voluntary organisations, is that, at the end of the day, they will look to those who give them the service support that helps them and their work. They are becoming increasingly clear about that.

Things take an awful lot longer than we sometimes expect. They get held up by different processes, such as RPA, but we really need to begin to focus on such things and streamline them to the help and betterment of all existing groups or new organisations that emerge.

Ms J McCann:

Paragraph 2.28 refers to a skills survey that was carried out in 2008. It states that that survey identified a significant skills gap in management and leadership. Has anything been done to address that?

Mr McAleavey:

We in NICVA did some work on management and leadership. Using trust fund money, we invested in providing support to organisations, and 650 people went through our management development programme at different levels from postgraduate right down to introductory management. In our sector, educational qualification levels are high. We have a lot of people at degree level and higher, but they have only basic management skills, so it is a big area.

We have engaged with the sector skills councils, but all we really see there is talk and a discussion about how skills gaps can be dealt with. Not a lot has actually happened. We have found that voluntary and community organisations are left to their own devices in the sense that it is about what they can do for themselves. We have always had that ongoing skills problem. Our sector is diverse, and we have a broad range of the required skills.

Ms Walls:

We were encouraged by the findings that seven in eight people in the sector have the necessary skills, and that is not being complacent for a second. We treat the issue seriously, and that is why we are giving the amount of resource that we are giving to organisations such as NICVA so that the sector is supported in its skills base. At a time of change in the sector, seven out of eight people are saying that they have the skills that they need to do the job. We are not complacent, but we take reassurance that our support budget is being well directed on training activity.

Ms J McCann:

The sector's ability to deliver public services has been touched. Paragraphs 2.11 to 2.13 deal with the commissioning of services from the sector. How could more be done to promote that? A lot of people, particularly from the social economy sector and those who work in the voluntary and community sector, do not think that there is an even playing field, particularly where government procurement is concerned. Is there a way that that could be promoted better?

Mr Haire:

Last year, our colleagues in the Central Procurement Directorate of the Department of Finance and Personnel issued advice and guidance on commissioning in relation to social economy enterprises. They are taking very seriously the point about how we get advice to Departments and how to deal with that area. We find it encouraging that they seem to be focused on that

process. We see the intelligent commissioning concept as one of the areas on which we need to work.

Seamus and Maeve might be aware that one of the working groups that we are setting up is about outcomes and outputs. Intelligent commissioning is in the area of how you work that all together and how you get alignment in the process. We need to get a better sense of how that is working and a spread of best practice to ensure that we genuinely use the real expertise that is in the social enterprise sector.

Ms Walls:

In England, an intelligent commissioning programme was developed by what was then called the Office of the Third Sector in the Cabinet Office, which is the equivalent of our unit there. That involved collaborative work with the New Economics Foundation and what was then called the Improvement and Development Agency (IDeA), a local government think tank organisation. We can learn lessons as the concordat implementation develops from that.

Some very interesting work was done in two areas: helping organisations describe and measure their benefit; and helping commissioners better understand the value that voluntary and community organisations can deliver. So, there is great scope for some really positive work on that over the next year.

Ms J McCann:

You touched briefly on the social return on investment earlier. That is crucial, and we could maybe look at the social clauses. The social outcomes of a government contract could be looked at just as much as the value for money and environmental sides of it. It is a hobby horse of mine, but that could maybe be looked at.

Mr McAleavey:

You mentioned the social return on investment. On page 44 of the report, there is a case study on the NOW project, which is very good at showing how it has helped people. It is about distance travelled and being able to recognise the cost savings elsewhere. In this case, savings were made in the Department of Health, Social Services and Public Safety through transport costs and all that. That needs to be able to be counted.

Ms Walls:

We have trained six of our staff to understand social return on investment so that, when organisations want to articulate their work in that way, we know and understand what is being described and are sensitive to it.

Mr Frew:

You mentioned the case study on the NOW organisation and the way that it has used resource with regard to the social return on investment, the pilot that it did and the report that it produces annually. Seamus, do you see groups going down that line in the future? Do you get the sense that public funders are using that as a tool to measure? How much value do they put on it?

Mr McAleavey:

It is very good case study and a very good organisation, and it has been trying to focus on the outcomes that it is trying to achieve. It is trying to help people who have been dependent and have been going to day centres to get into real jobs, hold those jobs down and live independently. A lot of those people get picked up by bus and taken to a day centre, and they now become independent travellers to and from work. So, they have used the social return on investment model to focus on the outcomes. I believe that government has a real difficulty in focusing on the outcomes that we are trying to achieve.

The Treasury report says that if you focus on the application process, the economic appraisal and the evaluation but not on the outcomes that you are trying to buy, you will have lost everything. However, our systems of accounting — and I am not talking about high level audits but about how things are vouched for as they go on along — tend to focus on the paper trail. I have been saying that it can be difficult to use those systems to tell the difference between a good organisation and a bad one. This sort of thing will start to tell you that you have a good organisation that is achieving something, and the system needs to be able to embrace that. There are probably a lot of other models as well as the SROI one, but we need to focus on the outcomes.

Mr Frew:

So, as an organisation, will you try to advance the model that was used in that case study by the NOW organisation?

Mr McAleavey:

Yes.

Mr Frew:

It is a tool that you support. That is certainly a good tool to measure the worth and outcomes. However, some groups in the community and voluntary sector do not know their worth and might not have the capacity to do something like this. How will they cope in the future if we go down a line of telling groups to follow models of best practice and that, although it will take time, it will measure their value and outcomes? That is what the government bodies want, but there will always be groups that do not have the capacity to do that.

Mr McAleavey:

At the time of the task force, when we first started talking about trying to focus on outcome-related funding, organisations in our sector said to me, “Why are you doing that? You will just make things worse for us.” We said that we were doing it because it was the right thing to do and that it was focusing on the right thing. We are supposed to be about outcomes; that is what voluntary and community organisations are trying to achieve. However, their fear was that they might have to report on the outcomes and all the other stuff. That would mean that another bureaucratic burden was being added; that was their fear.

Through the crisis of the economic downturn, we have been saying that organisations in our sector need to be better at producing data to back up what they do, and they need to be able to tell their story. If you are reporting on the outcomes, you are telling your story. You are reporting on the difference that you make to people's lives. You are right: lots of organisations, big and small, will need some help and support to get them into that mode. We can only meet government if government is also prepared to connect as regards making their funding decisions based on outcomes.

Mr Frew:

Following on from that, what is the Department doing? How does it see the future?

Mr Haire:

It is interesting. We have done a lot of work in trying to support people in getting a sense of outcomes in the process. My Minister has indicated a strong interest in social impact bonds as a

concept, and there is a whole issue coming about in that process. We are seeing that it is about outcome issues in Whitehall and the work programmes for training and returning people to work. That means that certain payments under that condition will go to organisations two or three years after they have started investing in returning a person with low skills into employment. So there is a high risk. There is a good return to those organisations, but only large organisations are going into that business. Some of them are big multinationals, but there is also a further education college in the north of England getting involved in the area. They are also drawing into the process the voluntary and community sector. If you are focusing on outcomes, it may be a process of transferring the risk to the voluntary and community sector. That may be a good thing to do, because it may help if we organise ourselves correctly. However, there are real risks there.

It is vitally important that we think about outcomes, because, if we do, it makes us focus on the sorts of programmes and activities that have real change impact, get early interventions that avoid crisis and which get to the core of the social problems we are dealing with. A focus on outcomes is important in making sure that we are doing the right things.

However, if we move to the situation of saying that we are going to pay for outcomes, it may be a very good thing, but understand that you are into very different business and one to which I am not sure whether a lot of our voluntary and community sector can afford to go. It is, therefore, probably best if we focus on reasonable intermediate outputs, where there are things that can, at least, give us an indication that we are doing the right things. It is an important area to look at, but there are a lot of complexities to be thought through. There are a lot of risks in outcome measurement and in outcome payment.

Mr Frew:

There is not as much resource about now, so, of course, everything has to be tightened up. How does your Department determine its priorities now, when there is no uniformity? This might be controversial, but there is a high degree of importance placed on need and deprivation levels. There are organisations which, if given a pot of money, would have it spent in the morning. That money would immediately go directly to the ground. I am talking about the Broughshane Community Associations of this world. There is no doubt that they have the capacity, but they do not have the factors involved and the surrounding issues. Nor do they have the need or levels of deprivation in their area that could draw down a lot of money. Then there are the community associations, groups and organisations that are in areas of deep deprivation and need, but they do

not have the capacity to spend. When you award or grant money to those organisations, you find that it could take years to see a worth or to get an outcome. Even if there were to be a quick outcome, it could all be gone within a few years. Do you take that into consideration? That would be a big bugbear for some organisations that do have the capacity but are, unfortunately, not in a deprived area.

Mr Haire:

It clearly depends on how Ministers interpret the objectives of the Programme for Government. For example, our neighbourhood renewal programme says very clearly that we are targeting the 10% most deprived communities. We measure that carefully, and we recognise that that is where the funding is to go. The clear objective of the policy is to offer people in those communities an opportunity to have the same benefits as others because of the particular issues involved. That is the logic of the policy. However, there are lots of different types of policies in different areas.

Likewise, many organisations have the capacity not to use government funding. The major UK-wide funders and foundations knew that there was European funding in Northern Ireland, and the question was why they would be here. We need them here because we have major issues. Things are changing in that process. There are horses for courses. There are opportunities, but it depends entirely on the focus of a programme.

Mr Frew:

I understand that, but there is a perception that there is a certain neglect of a certain calibre of association or organisation. That should not be forgotten about either. It comes down to programmes at the highest level, but this is worth mentioning.

Mr Byrne:

Paragraph 3.2 indicates that public sector bodies do not lack the manuals, guidelines and access to good practice to be efficient and effective funders. This is the whole issue of funding arrangements. Mencap is a fairly reputable organisation that does a lot of work for young people and adults with a disability. The document states that Mencap:

“experiences administrative inefficiencies, difficulties recovering all appropriate costs, and delays in cost recovery in some public sector and EU funded programmes.”

Some of those difficulties are then listed. Why does the report contain so many examples of inappropriate and inefficient practices? Why do so many organisations feel that there has been

very little improvement in the funding partnership or relationship? You made some references to that earlier, but who will take the lead and get that streamlined?

Mr Haire:

As I suggested, the examples of those sorts of issues are useful. Quite a few of the examples recognise and demonstrate the good practice that has taken place and can come forward. The action group that Seamus, Maeve and I are setting up under the concordat concerning bureaucracy is very much focused on trying to see whether we can deal with those sorts of issues. The Mencap issue is very interesting: there are 30 different funders. My understanding is that it goes to many different trusts. The interesting point is whether it does exactly the same thing for each trust or different things and whether each trust has to ask different questions. It is really interesting, and it goes back to the point of intelligent commissioning. Perhaps there should be one type of commission that all the trusts could agree and implement, which would mean that they could get all the things aligned. That is exactly the sort of debate that we need to have with the health sector in this case. I am a lot less optimistic than Fiona when it comes to European money because European regulations are, in a sense, a legal nightmare and very complex. European money in the sector is getting smaller.

The question for us is whether we can get commonality in or across Departments. Forty-four per cent of funding in the database is for projects under £10,000. The issue is whether there is something through which projects could be taken forward in an aligned or slightly different process than, frankly, through the very generous money that we give to Seamus. *[Laughter.]* It is more than £10,000.

Mr McAleavey:

It was £650,000 the last time.

Mr Haire:

The group will look at those sorts of issues. We will try to take that forward. The report very usefully outlines the sorts of areas that should be addressed. We do not disagree with any of them. There are areas of progress. For example, the report recognises concern about one-year funding. In the past while, we have, generally, been able to move to three-year funding. In the past year, there have been difficulties due to CSR. Frankly, Departments did not know how much more money they would have after the end of the last CSR. Rightly, they had to say, “Sorry, we

have to run contracts now”. Now, however, we have our funding packages for four years. We are generally trying to move towards three-year or four-year packages for people. It is much better for us and for organisations if it can be done that way. It is difficult. However, those are the issues on which we can make progress.

Mr McAleavey:

Mencap is an interesting example. I know that, at times, only for the fact that it is part of a huge UK organisation, which helps it with cash flow, Mencap could be £400,000 out while waiting for timely funding returns. Therefore, I hope that with the process that Will has put in place we will begin to start to crack some of those issues. The point that Maeve mentioned earlier is very important. I would like to see the Public Accounts Committee put its weight behind trying to crack that problem and seek a report at some time in the future on how progress is being made. At least, as far as I can see, the Public Accounts Committee has some authority across government. Perhaps, it can help to make things happen to try to crack some of those issues. Senior civil servants need support and cover from politicians to drive some change if we are to get value for money, streamline those processes and help these organisations to focus on their front line duty.

Mr Byrne:

Again, on cost recovery, there seems to be a lot of angst among many organisations about recovering only part of their costs. That seems to cause great difficulties, particularly for organisations’ cash flow management. I noticed that in your concordat, you mention that you intend to develop proposals from DETI for full cost recovery within contractual arrangements between public sector and voluntary and community sector organisations. What does that mean?

Mr Haire:

The report also indicates that the National Audit Office has done work on that issue. It also recognises that it is extremely difficult to get down to that.

Mr Byrne:

It is so difficult that we will avoid it?

Mr Haire:

No. We will not avoid it. The key issue is that we have competitive tendering. A set of charities

actually bid slightly low to get the project.

Mr Byrne:

Therefore, an evaluation has to be done on that.

Mr Haire:

As long as they do it in full knowledge and they have committed themselves to that process; that is no problem. However, they cannot then turn round and say, “Sorry, we bid low, but it is not actually covering all of our costs.” We have to get clarity about what is covered so that people understand the issue right from the beginning and there is no question about whether things are covered. At times, it is not necessarily that easy. The National Audit Office made the point that, sometimes, people see it too much as covering every cost. That is not what that process means. As with our concern about what the words “compact” and “concordat” mean, there is value in our being absolutely clear and blunt about what full cost recovery can mean and trying to use better language.

Mr Byrne:

Do you accept that many small organisations are living hand to mouth and that getting full cost recovery based on invoicing or billing is crucial to their financial survival? They are screwed to the wall, and some are on the brink of going out of business.

Mr Haire:

I recognise that people are operating in a tough environment. However, under the contracts through which government give money, it is absolutely clear that we can only give it for what we said we would give it. That is an important issue too.

Mr Byrne:

To be honest, I think that you are dismissing it too lightly. You are not really appreciating the pain that some organisations go through. One of the concerns is that a sensible approach is not being taken to well-run organisations that are properly managed and that have a proper billing and invoicing system.

Ms Walls:

We accepted and communicated to Departments that we support the principle of full cost

recovery. The core of the principle is that organisations that deliver public services should not have to subsidise those services from their own fundraising efforts. The principle was established primarily for those organisations that deliver an aspect of public service under contract. In all likelihood, the small organisations that you are describing will not be engaged in the delivery of public services. If they are, full cost recovery would kick in because, when they tendered or competed to deliver the service, the onus was on them to cost that service delivery and cost it well. We have a responsibility to make sure that organisations in the sector are good at costing and understand how to construct their costs. They need to know that it is not only staff time but that overheads will be associated with that.

The National Audit Office described full cost recovery as a blunt instrument in cases where government are giving a grant to an organisation but it is not necessarily associated with a very clear service delivery. The terminology of a gift or an investment in the organisation comes in when it is more difficult to structure full cost recovery because we are simply contributing to the overall running costs of an organisation, and there may well be other funders. So, it is not for a second that we are insensitive to it, and, as Will said, the working group will look at costs as part of the concordat. The guidance on that may need to be refreshed and reissued.

Mr McAleavey:

Joe, it goes across many Departments and many agencies. The issue of full cost recovery came up as a UK one, and it was where funders only ever wanted to pay the marginal cost. They said, “I am funding you to do this, and I do not want to hear about the other costs”. The Treasury said that there is no reason why service procurers should disallow the inclusion of relevant overhead costs in a bid, recognising that there are a lot more costs involved and that charities and other bodies should not have to subsidise the cost of the delivery from elsewhere.

Quite often, overhead costs can get down to the ridiculous, especially with some of the European programmes. For example, in NICVA, as Will said, about 30% of our finance comes from the Department in supporting a core grant and more than 30% comes from earned income, from hiring out these rooms to our member organisations and so on. If we book an event in a hotel, we pay the costs of the coffee. When SEUPB came to look at the issue of coffee charges, it did not accept our charge of 80p or whatever. It wanted to pay the specific costs of the teabag, the heating of the water and the use of the cups. It wanted to get absolutely marginal, and we said that we are not interested in that and will provide the tea and coffee for free. However, lots of

small organisations have great difficulty dealing with that. Sometimes, it gets really crazy. Treasury tried to recognise that there are legitimate costs beyond the marginal costs, and everybody who runs a small business or organisation knows that. You know that, when you walk into a hotel and buy a cup of coffee, you do not just pay for what is in the cup; you pay for all the other things that go with it.

Mr Byrne:

When peace moneys were allocated here way back in 1994, there was a whole war game between Departments, district councils and intermediary funding bodies over who would distribute the money. We still have intermediary funding bodies, Departments and other agencies of delivery. There does not seem to be a consistency in relation to full cost recovery. So, again, does that reflect a lack of co-ordination?

Mr Haire:

There is an issue in Departments: we need to check out how we are handling it in different areas. You are talking about European regulations —

Mr Byrne:

I was using European money as an example.

Mr Haire:

I just do not know, once again, I am not —

Mr Byrne:

You are well experienced, Mr Haire, in the black arts of government.

Mr Haire:

I had the joy, 20 years ago, of sitting in on negotiations on EU regulations in Brussels. I did not understand them then, and I do not understand them now. They were monstrously confusing and complex, so I am afraid that I cannot enlighten you.

We can certainly do things within the Executive's expenditure. We need to try to get clarity on that issue. Maeve gave a very useful description of the nature of funding and the different types of areas. We have to try to be clear about the funding process, because in certain areas full

cost recovery fits within certain types of relationships and contracts; it does not fit in all areas. We need to clarify that issue as best we can.

It is not simply a matter of us trying to clarify the language; we need to put in place a number of training programmes. There are teams in different branches that are good at funding and have good systems. We have to see whether we can get best practice. That is where our colleagues in the Audit Office probably excel; they know who is delivering well and they know the structures. The question is whether we get a situation where all Departments learn from that and benefit from the process.

Mr Donnelly:

We would be very happy to participate in that process.

Mr Copeland:

I declare an interest with regard to Mencap. That was included in the general declaration of interest that I made at the start, but, since Mencap has been mentioned, I should be specific.

Mr Frew:

I thought you were going to declare an interest in the black arts. *[Laughter.]*

Mr Copeland:

I thought that was what he said, but I did not dare ask.

Mr S Anderson:

I thank everyone for coming along this afternoon.

From reading paragraph 3.12 of the report, there seems to be some misunderstanding about what is meant by the longer-term, outcome-focused approach. We are all well aware from our own communities that the sector is calling out for longer-term funding arrangements, but that is not happening. There is a great need to seriously address that issue. Why is that not happening?

Mr Haire:

In past couple of years, and with the settlement of the CSR, we are seeing a move towards three-year funding and sometimes four-year funding. That is something that we stress as being

important. In the Department, we have been able to move to three- to four-year funding.

The Treasury is very clear in its guidance and makes the point that the length of funding is entirely dependent on the objective. It says that short-term funding in certain cases is the right thing to do. We have a number of cases, and this document covers a number of cases, where we have provided one year of funding and then another year of funding. That is often because the project has not fully demonstrated its need or clarified its objectives. It is then quite appropriate, in order to protect public funding, to allow organisations a year or so to develop and refine their needs and objectives. In a number of cases, organisations receive short-term funding because Departments require that. That is the right thing to do in certain cases. However, we have clearly had an on/off situation. We have had budget issues. It has taken time for Ministers to settle budgets and for the Budget process to work. We all recognise that too many short-term, one-year processes have been expensive to organisations and to us. Our clear direction of travel is to move away from that.

Mr S Anderson:

From your response, may I take it that you agree that the absence of that certainty clearly restricts groups in moving forward? Do you also accept that such a lack of clarity makes it difficult for groups to establish what they intend to do?

Mr Haire:

That is the downside of short-term funding. It is not cost-effective for people to spend so much time going through the process of searching out funds. However, as I said, our aim is to move to longer-term, three to four-year funding because that is, generally, the CSR period and it is difficult for us to commit beyond that. Against that, however, there are times when short-term funding is needed. For example, at the moment the Minister has asked us to make sure that we get the budget so that there is more money for innovation in the sector. If we are to fund innovatory projects, that will probably be on a one- or two-year basis, because we will still be trying to search out the right programme and the right way to do it. So, there are times when short-term funding is the way to start new programmes. I do not want to give you the idea that all new programmes will be funded on a three-year basis.

Mr S Anderson:

Case study eight in the report is on Focus on Family. That case study contrasts one organisation's

experiences in securing funding from different funders. In that particular case, the staff had been put on protective notice before funding came through at the last minute. I think part of your comments earlier on neighbourhood renewal referred to that. The Department does not come out well in that case study. What went wrong? Does your Department appreciate the stress and anxiety that goes along with such cases?

Mr Haire:

I will ask Gordon to come in on that issue because there is an interesting story there.

Mr Gordon Bell (Department for Social Development):

That is, obviously, the sort of situation that we wish to avoid. There is an obvious need for good planning, good relationships and working together constructively to ensure that all the required processes are completed on time. Through the concordat action team on bureaucracy, we are working to produce good practice guidance and ensure its dissemination across public and voluntary sectors, because both have a part to play here.

In this particular case, I understand that the Department required an evaluation of year one outcomes before funding for years two and three could be released. There was a delay in that evaluation report being received by the Department. Hence, the organisation had to issue protective notice. In the second year, funding was only issued for a seven-month period between September 2008 and 31 March 2009 because the Department had not received a sustainability plan that it had requested.

Mr S Anderson:

Was that not flagged up at the start so that any potential problems in this case could have been avoided?

Ms Walls:

It is a reminder of the need for good communication between the Department or any funder and the organisation that they fund. I am not familiar with the project intimately, but in this instance it sounds like the onus was on the organisation to return information to the Department. That would not be the only example of the delay being attributable to the organisation itself not returning information that we need to process payments. The point at issue here is that good communication between the organisation and its funder is essential.

Mr S Anderson:

That is the crux of the issue; there must be better co-operation. If that was the case, it may prevent something like this happening in the future. It was good that I was able to bring you in there, Gordon.

The Chairperson:

You cannot say that that is a one-off. You may not use that term, but you cannot say that you are not sure about that particular case. This happens every year.

Ms Walls:

I am not saying that it is a one-off.

The Chairperson:

My point is that I work with groups and for a group that experienced that situation every year. Can it not improve? Why has it not improved?

Mr Haire:

Was that under neighbourhood renewal?

The Chairperson:

Yes.

Mr Haire:

That is one of the issues. At the start of the recent neighbourhood renewal cycle, a number of projects were funded on a one-year basis. Some were because they were projects that we were looking for greater detail and clarity on, and some were just because of the nature of the budgets and the way that ministerial agreements on budgets emerged. Now that we have agreement with our Ministers, our aim is that we will move towards three-year funding. That is the process that we are trying to implement for the very reason that we were constantly being caught in a situation where we were not getting budget clearance for the system, and, therefore, people had to put themselves on protective notice. That was clearly damaging for morale and it was not a good way forward, hence we have changed that process.

The Chairperson:

Some groups have heard for a number of years now that funding will be on a long-term, three-year basis. However, that is yet to happen. I will be surprised if it happens this time or if the next term is going to be for three years. I hope it is, because it certainly needs that wee bit of reality and sustainability brought into it. I know of groups, including the one in the case study, that got their funding two or three days prior to the end of their contract period. Some groups have had their funding run out at the end of the financial year in March, yet they have not got a letter of offer until August or September. That is completely wrong, yet it has happened time and time again.

The Department needs to take a serious look at that, because it could lead to groups losing their best staff and losing people from that sector altogether. There are people who want to do an honest day's work for an honest day's pay, and then they become financially screwed because they have mortgages to pay and families to keep. I do not think Will, Maeve, Gordon or anybody else in this room would want to work like that: would you? That is the reality of it. If you would like to work like that, that is good enough, but do not expect others to.

Mr McAleavey:

I have experience of this across Departments and agencies. In the past two weeks, I have met the director of an organisation, not related to DSD, that receives major funding from a Department. The director told me that, last year, their application had been in for the best part of a year before it was met in February. They then received a letter asking whether they would like an advance. There is an issue there, and I have discussed this with officials.

This year, that organisation is not prepared to take the same sort of risk, because of the financial climate that we are in. The director told me that they had put nine people on notice and they really needed to get a decision. However, their application has been in from the beginning of the financial year, and they feel that it has not progressed. That may be a case of bad practice or total inefficiency on somebody's part. I have talked to officials about how we begin to deal with that across Departments because, sometimes, it is down to people rather than procedures. Maeve and I have spoken about trying to include that.

Ms Walls:

It is not good practice, and we would not support it. It is not in keeping with the principles and

commitments of the concordat. We will be actively vigilant on that issue. If there is a concentration of this, I would expect to see that featured in a report through the Minister to the Executive and remedial action taken.

The Chairperson:

It is a very serious issue, and I hope that this Committee makes a number of recommendations, because the community sector cannot sustain that haemorrhaging of good staff. Fair play to the people who have stayed in the community sector for years because they are committed to it and they are committed to making sure that the communities they are representing are better. They have to be commended for that.

I see from the case studies that some of the groups might have had a surplus of £90,000. Some groups are not allowed to have a surplus of money. How do they survive? How are they supposed to try to pay their staff?

Mr McAleavey:

I can give you a very clear example. Youthlife works with young people at risk of suicide and self-harm. It received funding over the past 19 years through in-year slippage money. The person in charge of the organisation did not take her wages for 10 months last year because she did not have the money to cover them. I do not know how she does that but I assume she is relying on her husband being in work. Despite all that, the group had 36 referrals in June 2011, 34 of which came from the statutory sector. They were getting the referrals but not getting the help. A lot of that is happening across the board. That is an issue we have to try to tackle.

The Treasury report, which Will and I have quoted, talks about timeliness. If we were making payments to private sector organisations for work done they would be timely. The Government gives a commitment to a one-month return. If there are problems, I am happy that they be dealt with. I am not saying that people should get away with not holding up their end, but I have had to intervene many times and phone permanent secretaries and say, “These people are going to close at the end of the week.” Generally, you get action then.

The Chairperson:

The main point is not about jobs but the services that those individuals provide. That is what is being affected.

Ms J McCann:

You made a key point. Obviously, people's jobs are important. However, we have had this discussion for years. I remember going to a round table discussion in 2006 about neighbourhood renewal in west Belfast and they were talking about 10-year core funding for core posts. That has still not materialised. Core funding is the main issue, particularly for the community sector. Where there is a need for a service, you cannot keep delivering that service on a year-by-year basis. That just cannot be done. We are talking about outcomes and funding being outcome-based. How can it be that a project is funded for a year and then the funding is taken away and a different project is funded? That just does not make sense given the services being provided, particularly those focusing on early intervention. If you are going to make any long-term difference to people's quality of life, you have to give the core funding to those organisations and the people who are delivering that service. Otherwise, you are throwing good money after bad. Core funding for those services is a key issue.

Mr Frew:

The long-term strategies of the voluntary sector are the crux of the matter. I am not talking about the jobs and the people in the jobs, although that is important; the key concern is the people they cater for. Probably the worst thing for someone in need or who is being serviced by the voluntary sector is to give them a service and then take it away. Sometimes, that can be more damaging than the initial problem.

There are two aspects to this issue. One is the short-term nature of the contract, the one-year funding. It would be great to get three- or four-year programme funding. However, when we get to the end of that process, whether it be three, two or four years, will the same thing happen again, with people left at the very end of contracts and programmes without future funding? Can you give us an assurance that if we have a three-year funding programme, renewal of that funding will be looked at sooner, within a year of it running out, so that there is continuity?

Mr Haire:

There is no disagreement between what we, as officials, are saying and what you are saying. We totally agree. There is, therefore, a need to look at the question in the political process. For example, in the early 2002-04 period we had a lot of one-year Executive programme funds. I was in the Department of Education when Secretary of State Hain introduced the children's fund. As officials at that time, we said that we would be happy with that and commit to it as long as it was

mainstreamed into our budget. However, we said that if it was to be two-year funding only, we would be doing exactly what you have described here: getting groups active and then having to put them down. We were assured at that time that it was long-term funding but, to be fair, a new Government came in and took a different view on that issue. They were totally right to take a different view on that process. However, if you are going to do this, you have to take a political view, being very careful about pilots, innovations and new processes, and you need to look very carefully and strategically at how you back some projects and get your funding right. We also have to make sure that our budget processes are right.

You are absolutely clear: we should be making evaluations of schemes well before the end of the funding period so that, if the scheme is coming to an end, we can give people the time to prepare for that or, if it is going on, we can give them that assurance. That is good governance, and we are totally with you on that. If the Committee includes that point in its recommendations, we would be very keen on it, because there is no disagreement between the sector and officials on that issue. It is about trying to find the correct way but accepting that there will be times when people will want to innovate or that it is right to have one-year funding in certain areas. I would always keep those options open. However, we totally agree with the points that you make.

The Chairperson:

Could you give a quick yes or no answer: has the Department failed in that up to now?

Mr Haire:

The process is —

The Chairperson:

It is a yes or no answer; we need to move on.

Mr Haire:

The officials have done what they have been told to do.

The Chairperson:

Never mind the officials, has the Department failed?

Mr Haire:

Define Department. The answer is that I do not think that the system has always agreed —

The Chairperson:

You are going down the line of giving a politician's answer. *[Laughter.]*

Mr Haire:

You are asking me a political question.

The Chairperson:

Could the Department have done better on delivering the outcomes and ensuring that organisations' funding does not run out? Seamus raised the point earlier, and I was trying to get at it as well: there are people who are ready, have filled in their applications and given to the Department everything that has been asked for, but a decision is sometimes not taken until months after their funding has run out at the end of the financial year. So, could the Department have done better?

Mr Haire:

One can always do better. I am 18 months in the Department, and I stand up for the DSD systems because, as you know, we had a really tough time about 10 years ago. I think that the systems we have in place are robust. So, we have been applying the systems as well as we can in the context of our budgetary allocations.

The Chairperson:

We will read the Hansard report and take whatever we can out of that.

Mr Dallat:

I have a meeting with a voluntary group in Coleraine at 6.30 pm and, with an unspecified number of penalty points, I will have to leave after this. *[Laughter.]*

Somebody once told me that, in Eskimo language, the word "failure" does not exist. Perhaps we should adopt that attitude.

This has been a learning process for me, and I am very grateful for that. I am better informed

now about the compact, but I am not so sure about the concordat. I am always suspicious when a document is planted in front of me a few minutes before a meeting of the Public Accounts Committee, and here I am being negative: did somebody type the document out on a word processor just to facilitate this meeting of the Public Accounts Committee? I am glad to see, Maeve, that you are denying that. I hope that is true because, if it was done for that purpose only, it is of no value.

The report that we are considering is concerned with creating effective partnerships. Partnership suggests equality. You and Seamus have dovetailed very well here today, but I was glad to see a little bit of division opening up, because that is important for our report. I have to conclude that the equality aspect of funding is absolutely critical.

The voluntary sector, by its nature, does not have phrases in its vocabulary such as “pension schemes”, “superannuation”, “increments”, or “guaranteed employment”. They are a wonderful bunch of people who take enormous risks with their whole family incomes and everything to sustain a service on behalf of the public, and our report must reflect that. One basic way of doing so is to ensure that the funding issue — the one issue that we have control over — is sustainable. Seamus, you mentioned the French model of compulsory registration. I will push you on that. Is it something that you would support?

Mr McAleavey:

It has its benefits. It is great for researchers, because one can actually find out how many organisations there are and what they do; and they make an annual report. It came from the Napoleonic system, and you get it across most of continental Europe. The system under which we operate goes back, virtually, to Elizabethan times and it is not going to change easily. There is an awful lot of good in the idea that people have free association, so, unless you have been prescribed, any group can come together and can collaborate to do whatever it wants, as long as it complies with the law of the land. On balance, I tend to go for that system.

Mr Dallat:

I was not aware of the French system, but as soon as I heard about it, it occurred to me that it would be a way in which we might have a database or register. My goodness; it does not seem to be to be an infringement of democratic rights if organisations that apply for funding are asked to register. The benefits that would flow from that would be enormous, not just for the Department

but for lots of other people who want access to information on where such groups exist.

As I come next on the list I might as well get rid of this issue and then go on to my voluntary group. I think it may have been covered, but I refer to the Women's Resource and Development Agency, which was case study 9. It appears that the DSD has some problems with the lead funder. Will you elaborate on that and suggest recommendations to ensure that that kind of basic difficulty does not arise again?

Mr Haire:

I might ask Gordon to provide some details. There are slightly different types of projects and relationships involved between the two Departments. That is the view of the Women's Resource and Development Agency itself. I do not think this is the Audit Office's view, it is just reporting what the agency felt. My analysis is that slightly different relationships were causing the problems.

Ms Walls:

Before Gordon comments on the specifics of the case, the work that we have been doing with DFP — and the Northern Ireland Audit Office has been supporting us — has been to look at one organisation, the Law Centre Northern Ireland, which we have been supporting for some time. According to our risk assurance ratings, it was low risk. We wanted to look at the lead funder there to see if we could fix it in that organisation and then plant it more widely. The discovery from that piece of work is that it is difficult to establish it — indeed we are concluding that it is well nigh impossible, though we are not quite at the end of the process yet — for an organisation when different funders come on board at different times, for different lengths of time and with different objectives for their funding. As I said earlier, the lead funder is working on capital projects where the start and end dates are the same and where there is commonality of funding. It could potentially work more easily for a project or strand of work for the Law Centre, but for the totality of an organisation it is proving well nigh impossible. We needed to really understand that before we knew whether we had any chance of actually rolling it out in a way that was going to work across government. There is some more work that we need to try to do with DFP and the Audit Office on that. That is by way of the generality on lead funder. Perhaps Gordon will talk about the Women's Resource and Development Agency case.

Mr Dallat:

Thanks, Maeve. Perhaps that would be a recommendation from the Committee. If we have general agreement, it could be included in our report. It would be helpful if less time were spent counting the postage stamps that the organisation used and more time trying to co-ordinate the whole process from capital investment to revenue and so on. You will be glad to know that I have only one more question. It is about basically the same theme: Departments not talking to one another. Politicians are not so bad now; they are talking to one another. However, Departments should be talking to one another about the projects in which they are involved.

Mr Haire:

There are vast numbers of projects —

Mr Dallat:

Mencap and the Women's Resource and Development Agency are the examples.

Mr Haire:

My impression is that those ones are largely health related, so it would be a question of trusts talking to one another. Another issue in that regard is organisational structure. I do not doubt that communications among Departments is very important, and there are mechanisms that try to facilitate communication across Departments. The database has been a very useful one, because people can see which Departments are involved with an organisation. It encourages dialogue, but we have to keep pressing to make sure that people have dialogue at all levels.

Mr McAleavey:

Can I pick up on the equality issue that you mentioned, John?

Mr Dallat:

Please do.

Mr McAleavey:

We have to recognise that the relationship between a funder and a fundee will always be unequal. They have different roles to perform, and we will accept a lot of that. We have to be very careful, because some funders can exploit their position and, at times, defend the indefensible. Lots of organisations come to me with complaints, but request that I do not use their names. They are

afraid that, if the issue is legitimately raised, it might have a detrimental impact on them. Some issues are probably not about procedure at all; they may well be about the incompetence of an individual. Sometimes, people will construct ways of getting out of why they have not actioned something in 10 months and make a very plausible excuse. I have talked to officials about how we deal with that bureaucracy. The Audit Office has a whistle-blowers' charter with regard to bad things that can happen. Very few organisations do what I do. They think that that is what they want me to do for them. For them to be able to tell the truth in public, they need to be given some guarantee that they will not be unfairly penalised or put in the long grass or something like that. Quite often, as I said, it is not procedure or management responsibility; it may well be an individual who is not doing their job.

Mr Dallat:

I am glad that Seamus mentioned that. I hope that it can be reflected somehow. I get loads of complaints from organisations but I am not allowed to use their names. Sometimes, agreement that is given initially is withdrawn within 24 hours. If you are a whistle-blower, and a colleague lives in the same housing estate, you have a real problem and you have to find a way to deal with that.

You said that funders and fundees are not equal. In respect of measuring the success of much of the work in which your organisations are involved, do you agree that the methods of measuring success are quite different from those of the Department? If you were funding projects in some socially deprived part of Belfast, you would not measure success by the fact that the number of children who pass the 11-plus has gone up from 8% to 11%; you would measure it by much more important things, such as confidence, improvements in the environment, the disappearance of paramilitaries, further education, literacy and numeracy and a whole lot of stuff like that.

We talked about that earlier. Again, I hope that it is mentioned in our report that we must have a fair system by which to monitor the success of the voluntary sector, which recognises much bigger issues than box ticking or statistics.

Mr McAleavey:

When the current First Minister, Peter Robinson, was Minister of Finance, I went from NICVA to meet him. I asked him whether he would use DFP to carry out efficiency scrutiny of the voluntary sector where it was involved in delivery of services to the public or public services. He

was very interested. I was saying that we were happy to be judged by the outcome and benefit of our service and to be compared to anybody else. I was absolutely confident that the vast majority of organisations would perform very well. We will not defend those who do not. We are very clear about that. Interestingly, at the time of Mrs Thatcher, in 1990, efficiency scrutiny was carried out. Voluntary organisations were shown to come out of that very well. It was carried out across the UK. Therefore, we are not afraid of scrutiny. All that we look for is fairness and to be compared to others.

Mr Haire:

Can I comment briefly on equality of partnership? I am conscious of how it works in different Department. What is interesting to me is that I often come across staff who feel really committed to the community and voluntary sector groups who deliver in their area. There is a strong relationship between staff. I do not doubt that there are cases when things are not processed properly. If people make mistakes, they should stop. We should spread best practice. It is about equality of relationship. Often, I have seen people bending over backwards when organisations have not given them information, kept to timetables, etc. They realise that service has to be delivered. They have ensured that the system works so that money is going out in the process. It is about equality of relationship. The question about having an open debate on the outcomes and value that we achieve is one about which none of us has any concern at all. In fact, we have made the point that for all of us around the table, the only judgement to be made is on the quality of the service to the public. That is what unites us entirely. It is about trying to get agreement on that and ensuring that we deliver that best in that process.

Mr Dallat:

That is a fine statement on which for me to end my questioning.

Mr Byrne:

Further to John's point, Seamus mentioned earlier that, sometimes, if an organisation is up against the wall and wants money, it has to get on to him and he, in turn, has to get on to the permanent secretary. A councillor or MLA can sometimes feel great because a voluntary organisation will contact you and say, "We are having difficulty getting our money", and you get on the phone and get an outcome. It is good for everybody to have a sense of achievement. However, I suggest that it is not good for the general administration and management of funding of those organisations that they have to resort to doing that. We hope that there will be greater

consistency in how administration takes place in Departments and intermediary funding bodies in giving out money with regard to cost recovery, which I mentioned earlier.

Mr Easton:

My question will be short and sweet. As regards the need for payments to the sector to be made within agreed timetables, are sector bodies covered by DFP's prompt payment guidance?

Mr Haire:

It is our understanding that they are not. We are looking at that issue in the Department. From our own analysis, we are looking at over 90% achieved within 30 days. It is a very valid point. As long as all of the documentation is available — often, there are disputes about details not being provided or whatever — we should have something. These are small businesses, and if we are looking at a small business, why would we take a different view? We should, probably, take that back to our group and see if we get something sensible in that process.

Mr Easton:

I would like to follow up on that at some stage. That would be great. You will be glad to hear that I have one last question. We have highlighted areas where the public sector needs to improve. However, that is about partnership. There is also a responsibility on organisations that receive public funds to be accountable. What steps are being taken to build confidence among funders and taxpayers by demonstrating high standards of governance and financial management in the sector?

Mr Haire:

Having a charity commission here as an underlying base helps everyone in the process by ensuring that people are transparent in what they do and have governance arrangements in place. It will take several years of detailed work by the commission to ensure that we get everyone there.

Very strong work is done already. NICVA itself does very good work on governance. We support that very much, and Seamus may want to talk about it. There needs to be a combination of good regulation and good support. As we do in our monitoring of funding, we often look for assurance around governance. As funders, we have a role to play in that.

Ms Walls:

Many of the organisations that we fund take great pride in the external accreditation systems that they operate, whether it is Investors in People, Picasso or another of the many validation systems that exist to independently verify their work.

Mr McAleavey:

That is right. NICVA places a strong emphasis on good governance. We have a number of staff who work in that area and help organisations to improve their governance. As Will said, the advent of the Charity Commission is really important. It is important to us because it is about public confidence, a term that Maeve used earlier.

In the past, if people had a doubt about an organisation, the only place that they could go to was the police. However, quite often, your doubt was not that a criminal act was taking place. People did not really know what to do. If people have doubts now, they can go to the Charity Commission. If there is something that needs to be looked at, the Charity Commission has the power and authority to investigate it. That protects us all. The public need to be confident that, when they make donations to charities or other organisations, the money will be put to the intended purpose.

I agree totally with what Will said about good regulation. On our side, it can be about helping organisations. Sometimes, we find that organisations' poor governance is not mal-intent. It may just be that an organisation is not alert to governance, does not review its governing documents, does not look at the powers that it has and so on. It can be important to help organisations to improve their practices.

The Chairperson:

Fiona, do you want to come in on the question that Alex asked about paragraphs 3.24 and 3.27?

Ms Hamill:

Will is correct. The prompt payment regulations apply to firms doing business with government. I am aware of the work that the DSD has done on the pilots to ensure the prompt release of funds to organisations. There is a difference between grant funding and paying for goods and services under an invoice. However, the principles are correct, and we can do more work on that as part of the group.

The Chairperson:

Thank you. You will be glad to hear that that is your lot. There are no more questions. It has been a very interesting session. It has been an odd session in that it is the first time this term that we have held a meeting away from Stormont.

A number of issues have been raised. Seamus raised an issue about reports. We will make recommendations. The Department will respond, which we will go through to see how we take the matter forward. In some cases, we look for an update report within 12 months. That is part of the process that we embark on, and the accountability mechanisms will kick in. Following on from Seamus's point, how do you see this process looking four years from now?

Mr Haire:

A long-term vision is needed to answer that. We will push forward on this one. I expect that it will take more than one year to crack all the funding issues. I hope that we will be able to streamline in some areas. The big challenge is the voluntary and community sector. There will be intriguing issues about public service delivery through the voluntary and community sector. We will have to move that issue forward.

There will be big challenges about the size, nature and governance of the sector and the way in which it delivers. Much of the voluntary and community sector does things without government money, which is fantastic. My Minister made a speech here about it. We are delighted that they do that; it is nothing to do with us. People do that of their own free will, and they are very creative. We should be encouraging that. There is a whole area where things will be done very effectively. As regards the broader process, there will be tough times, and having an effective partnership is the key issue. I am sure that there will be tough issues between us at times. That goes back to the point that you made, Chairperson, about the quality of delivery to the public. That is the only issue.

The Chairperson:

Paul Girvan promises to be very brief.

Mr Girvan:

I will be brief, Chairperson. Perhaps Fiona could answer my question. I want to ask about the

emphasis on getting a balance between delivery and audit and to ensure that that is done. What engagement has gone on at your level, Fiona, to determine whether we can streamline that process and ensure that the balance is right between accountability and delivery and does not become too bureaucratic? We started by talking about bureaucracy, and I wanted to know whether DFP is doing any work about putting procedures in place to help the delivery to the voluntary sector.

Ms Hamill:

In 2006, in its response to Positive Steps, DFP tried to streamline things. We put forward a proposal for a type of kite mark system whereby an organisation could obtain a rating which could dictate how it would be scrutinised. That proposal did not go anywhere at the time, but now that we are going back to it under the concordat, we want to determine what we can do about the core guidance for provider costs to the public sector and to try to standardise the approach and the levels of scrutiny, particularly for the smaller organisations to which we referred — the sub-£10,000 a year bodies — and make sure that, at least, there is proportionality. As Will said, very correctly, we are going to have to take it a bite at a time and, rather than fix it all in one go, we are going to have to take each group in each set and try to find a solution and some improvements. We are very committed to working with DSD and NICVA under the concordat to try to drive out some significant improvements.

Mr Copeland:

I noticed that you said that a number of groups did things at no charge to government. I am sure that the more they do, the more they will get to do.

The Chairperson:

Thank you very much, folks.