



Northern Ireland
Assembly

Committee for Social Development

OFFICIAL REPORT (Hansard)

Housing Executive: Ministerial Briefing on
BBC 'Spotlight'

4 July 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Alex Maskey (Chairperson)
Mr Mickey Brady (Deputy Chairperson)
Ms Paula Bradley
Ms Pam Brown
Mr Gregory Campbell
Mrs Judith Cochrane
Mr Michael Copeland
Mr Sammy Douglas
Mr Mark Durkan

Witnesses:

Mr Nelson McCausland	Minister for Social Development
Ms Susan McCarty	Department for Social Development

The Chairperson: I thank the Minister, Nelson McCausland, for attending this morning's Committee meeting at short notice. Minister, if you do not mind, I will make a couple of introductory remarks. Following last night's 'Spotlight' programme, there has been a very significant amount of public commentary and concern. I want to place on record that you and I engaged after midnight, and you offered and agreed to come before the Committee this morning. Serious matters were referred to in the programme last evening. None of us around the table knows the veracity or otherwise of any of those matters. However, there are clearly a number of very important matters that need to be addressed. I advise you that the Committee has agreed to undertake an inquiry, subject to advice from the Assembly's Legal Services about how that inquiry might be conducted, its terms of references, scope, and so on. That will all be agreed by the Committee. I have asked members to be rigorous in their jobs this morning, as we are obliged to be under statute, but, by the same token, to be mindful of their language and of treating allegations as fact.

Minister, I know that you want to address the Committee on a number of matters, so, without any further ado, the floor is yours.

Mr Nelson McCausland (The Minister for Social Development): Thank you very much, Chair. As you said, we had a text conversation very early today. I welcome the opportunity, and I thank the Committee for the opportunity, to come along to deal with some of these matters.

There are three or four broad areas that I wish to set out. It is important that I have a good relationship with the Committee. I value that very much because if we are going to deliver the best outcome for the people of Northern Ireland, we need to have the Department, the Minister and the Committee working together.

Three things in particular were of concern to me. One is the priority of service for tenants. I have always been concerned, as are Committee members, that our tenants, who are our constituents and the people whom we work with and represent, should get the best service from the Housing Executive. As I have outlined on a number of occasions in the past, I have had real concerns about the sort of service that has been delivered. Secondly, I want to ensure that we get value for money, because that is right and proper. Those two concerns are not totally unconnected. If you get value for money and you can save significant amounts of money in one area, that money can be reinvested in the service provided for tenants. It is often bandied about that there is about £1 billion-worth of maintenance outstanding on Housing Executive properties. The £18 million here and the £15 million somewhere else will not wipe out that £1 billion, but it makes a start. Thirdly, it is important for me, personally, that, in everything that I seek to do in this role as Minister for Social Development, in political life in general and in other aspects of life, I always seek to act with integrity. I know that that is written into all sorts of codes and guidance about public life. However, apart from that, that is a principle for me.

I turn to the 'Spotlight' programme itself. It was a rather strange programme. It was a bit of a hotchpotch, with things pulled together and bits put in and bits left out. Therefore, I think that the most helpful approach would be for me to identify a number of specific issues that were raised in the programme and address those, one after the other; that will probably provide more structure.

The first issue is accusations and allegations about the actions of my special adviser. I have to say that in working with that special adviser, in the Department of Culture, Arts and Leisure (DCAL) previously and now in the Department for Social Development (DSD), I have found him, at all times, to be a person of extremely high ability and the highest level of integrity. He gives the highest possible standard of service in all that he does. I want to put that on record.

The interaction between him and a member of the DUP who served on the Housing Executive board featured prominently in the programme. However, that interaction was, in fact, a single telephone conversation that lasted a matter of minutes. That conversation was about passing on information about the context of all of this, namely that there was an immense amount of focus on one particular company but that, at the same time, we were becoming increasingly concerned that the issues identified in respect of that one company also applied, to varying degrees, to a number of other companies. That has now been demonstrated to be the case, and we have been vindicated. If you look at the ASM report, which I will return to, you will see that that was largely ignored. The context of the conversation between the special adviser and the councillor from Lisburn was about passing on information about that broader context to inform that discussion. That was the right thing to do, and I have no criticism at all of what he did. In the programme, he was very badly misrepresented.

Having touched on that one point, I want to get to some of the core issues here. There were issues raised about my involvement and my motivations in being involved. My position on the termination of the Red Sky Group contract by the Housing Executive in July 2011, shortly after I came into the Department, has been a matter of public record for some time.

I want to pause here to say this: an awful lot of the stuff that was in the programme last night was cobbled together from that which is already available in the Public Accounts Committee (PAC) report that was published on 20 February 2013. A lot of the things that were mentioned in the programme are things that have been in the public domain — correspondence, and so on — since February. There is nothing there that is particularly new.

It is significant, however, that although last night's programme drew on the PAC report, it did not give it anything like the significance that it should have been given. It also skited over the Northern Ireland Audit Office report. There was virtually no mention of the ASM report, which is now lodged in the Assembly Library and is freely available on the departmental website. I will come back to the ASM report in due course. There was no mention of the Housing Executive's qualified accounts and the resultant comments from the Comptroller and Auditor General. So, an awful lot of things were left out of the programme that, had they been included, would have created a very different picture.

It is worth noting, perhaps, that the Housing Executive's next annual report and accounts are due to be laid in the Assembly today and that the Comptroller and Auditor General will comment on them tomorrow. It will be interesting to see whether the issues that he raises tomorrow are similar to those that he has raised in the past about the Housing Executive. An awful lot was left out of the programme.

In the course of the programme, the former chairman of the Housing Executive, Brian Rowntree, specifically stated that the ASM report sat on my desk for a year. He was very clear about that; he said that it sat on my desk for a year. That is totally and utterly untrue. The report sat in the Housing Executive for a year while officials chewed over it and considered it, but it definitely was not sitting on my desk for a year.

In fact, since the draft ASM report was received in June 2012, and he went in July 2012, and I sent it to his successor, who was the acting chair, he would never have had any knowledge of whether it sat on my desk or anyone else's desk because he was not there. That fact did not, in any way, prevent him from making the accusation that I was sitting on something for 12 months as though I was trying to conceal something. I wanted it out there, and we pressed the Housing Executive again and again to get that out. That is why we not only put it in the Assembly Library but made very sure that it was available to every person in Northern Ireland by putting it on the departmental website. I believe in full and total transparency.

Returning to the termination of the Red Sky Group contract; shortly after taking up office in May 2011, I expressed my concerns about contract management, on the foot of briefing on the governance review findings carried out in 2010 and on the issues leading to the termination of the Red Sky Group contract in July 2011.

There has been a great deal of speculation and a great deal of insinuation and innuendo that I sought either to extend the contract with the Red Sky Group or to assign the contract to a new company. That is not the case. Anyone who reads carefully and examines the series of correspondence between me and the then chairman of the Housing Executive — and those exchanges are in the public domain and are freely available through the Freedom of Information Act and the PAC report, which I mentioned earlier — will see that that is not the case, and that has been made clear again and again.

I refer members to the detailed correspondence published in the PAC report 'Northern Ireland Housing Executive Management of Response Maintenance Contracts', which was published in March. In reference to that, in the letter that I received on 15 July 2011 from the then chairman, Brian Rowntree, he said:

"As regards contract-monitoring arrangements, please find attached a short summary of our monitoring arrangements for response maintenance contracts" —

and this is the key bit:

"which you can see are very thorough."

Thorough indeed. So thorough that for years, there were irregular payments going on. If your monitoring arrangements are as thorough as that, you should not have had happening, across districts and across companies, the sort of thing that was happening. I got that written assurance, and verbal assurance as well, from him that all was well elsewhere; that there was only an issue with this one company. As I have said already, ASM says different. It vindicates our stance that the same issues in varying levels and to different degrees — from company to company, it varies — irregular payments, and so on, were found across a number of these companies.

In particular, my letter to the then chairman on 7 July 2012 makes it clear that I believed that the most appropriate way forward was for an open procurement exercise for the Red Sky Group contracts to be undertaken. That was subject to the administrator being able to provide assurance that those contracts could be serviced until such an exercise could be undertaken. When the Housing Executive advised that the administrator could provide services only until the end of July, and thereafter the company would be sold, and that it would take in the region of four months for an open procurement process, I confirmed to the then chairman that the Housing Executive should proceed with the termination of the Red Sky Group contracts and reassign those contracts to adjacent contractors to ensure continued provision of services to tenants.

My preference was that, rather than simply transferring the contracts from Red Sky to the companies around it, an open procurement process would be undertaken. Why was I concerned about simply handing the contracts over to the adjacent companies, even though, in the end, that is what had to be done? The fact is that, at that point, the issues were already becoming clear. The issues were not simply about one company and one Housing Executive district. There were a number of companies — Leeway Maintain was another company that was mentioned at that stage; it features in the ASM

report. There were questions, even then, about irregular payments to that company. So I knew for a fact that this problem was not simply restricted to one company; it involved a number of companies. It was not restricted to one Housing Executive district; it spread across a number of districts. So you have a number of companies, a number of contractors and a number of districts where there are irregularities. I had no confidence that we were not in the situation of taking a contract off one company and handing it across to another company that might be as bad. That is why I asked for assurances from the chairman. He gave me assurances. He said that they had robust response-maintenance monitoring in place that was very thorough. Those assurances proved not to be of much value.

I can assure you, categorically, that I have never sought to influence any contracts, neither this nor any other contract. Indeed, I do not have any role in this. This is, as I have always advised, an operational matter for the Housing Executive alone. It makes the decisions.

The third point was the meeting with Red Sky. I have a list to hand. I just checked how many companies we are asked to meet over a period of time. The list covers 2011, 2012 and 2013. I am looking at a list of companies from the construction and building sector. We met H&A Mechanical Services, the Construction Employers Federation, Kingspan, the Federation of Master Builders and the Mears Group, which was in the other day. So there is a whole range of companies with which we have met on different occasions. There is a lengthy list of companies that we meet, and that is normal practice, so there is nothing at all unusual. My role, as Minister, is to make myself available to serve all the people of Northern Ireland, and, by and large, if people come and ask for a meeting, I will meet them. I never claim to know everything, and I am always happy to learn. If I can meet a company and find out that something can be done in a better way that provides a better service for tenants and saves money, I will be happy to talk to them and listen to them, and I may well learn from them. That includes companies not only here in Northern Ireland but in Great Britain, where maintenance contracts are handled in a somewhat different way. That is a key part of my role and responsibility as Minister if I am to discharge the duties of my office. At meetings, I listen to views, and I investigate if I believe that I should follow them up.

My officials also attended that meeting with Red Sky. My prime motivation was to support the workers and protect jobs, if possible. At the time, I was lobbied by people from a number of political parties in East Belfast, directly, in writing and in other ways. The case was put that there was concern about the loss of employment in that area, and I listened carefully, because it is right and proper that if MLAs ask for a meeting or make a case in writing, I should respond to them and listen to them. I remember receiving a letter about Red Sky from Naomi Long, in East Belfast. So it was not just a case, as was implied, that one particular political party had an interest in this; a number of political parties were interested. I noticed that Mr Copeland commented on that in the media today. So that deals with the issue of the Red Sky meeting.

Fourthly, I want to pick up on the allegation by Brian Rowntree that he was, in some way, victimised. I had many meetings with Brian Rowntree up until the point when he resigned as chair. That was right and proper, because it is part of the system that Ministers should hold accountability meetings with chairpersons. It is our job to hold to account the people who are appointed to lead these organisations. There, I met with the chair of the Housing Executive, in the same way that, in the past, in DCAL, I would have met from time to time with the chair of Sport NI or some other arm's-length body. That is normal practice. The purpose of those meetings is to challenge the chair, hold him to account and ensure that everything is done properly and responsibly. I would have failed utterly if I had not met with Brian Rowntree. He resigned of his own account. It came as a surprise to me; he could have stayed. However, he was disappointed with the way in which the issue unfolded.

I noticed that at the end of the programme, there were issues raised about victimisation by even the permanent secretary, and I will return to that matter at the very end. During the programme, a number of issues of fraud were raised. That is a matter for the Housing Executive to consider and to take forward urgently. These matters must be explored in detail. There were references to a Housing Executive official being on a trip to America and to officials taking trips to the Odyssey. Those are already covered in the Northern Ireland Audit Office report and in the PAC report, which I mentioned earlier, 'Northern Ireland Housing Executive Management of Response Maintenance Contracts. As far as I am aware, those date to about — this is an approximate figure — a decade ago. They have certainly been dealt with in the past. If there are things that should be investigated by the police, they should be. I do not want to see anything coming forward in regard to an arm's-length body such as the Housing Executive where there is improper behaviour or a lack of probity and propriety. Those things should not happen.

Sectarianism was brought up and majored on in the programme. If you look carefully back over Hansard reports and correspondence and statements that I have made, it is a word that I have never used. In regard to this matter, I have never accused anyone of being sectarian. It has been talked about. Others have commented on it. That is their perception. I have never, ever mentioned it. However, last night, it was implied that I had made that type of accusation. I think that that was maybe even stated today, but that is not the case. I was very careful not to say that.

The next thing was the nature of the problems, and this brings us back to the ASM report. I have already put my thoughts about this on record. There was something endemic and systemic in the structures that was wrong. The problems were in more than one district and across more than one contractor. If it was just one district and a number of companies, or if it was one company and one or possibly two districts, you could argue that it was a bit of a blip, it happened somewhere, things went wrong, but it is not widespread. The message was coming very clear that it was more than one company and more than one district. The Housing Executive had not initiated a forensic review of the other contractors. That is what I decided to set in motion.

Shortly after taking up office in May 2011, I expressed my concerns about contract management on foot of briefing on the governance review findings carried out in 2010 and on the issues leading to the termination of the Red Sky Group contract in July 2011. However, in light of my continuing concerns about the issues that led to that termination by the Housing Executive, I was concerned that the same things might be present in other contracts that had not been the subject of any full investigation. I asked, therefore, that a forensic investigation be carried out of a sample of Housing Executive maintenance contracts, including the adjacent contractors, because they would be the recipients of the Red Sky contract. I asked it to provide me with assurances on the other contracts, the quality of service to tenants and the proper use of public funds. The ASM investigation report is available on the Department's website. It confirms that I was absolutely right to have concerns. It was all the more alarming since the failings identified in the report post-dated the work that the Northern Ireland Housing Executive had already done in relation to the Red Sky contracts.

It was interesting that last night's 'Spotlight' did not deal with the wider context of the ASM report. It got a very, very fleeting, momentary mention, but it is a document that if anyone is going to look thoroughly at the contracts issue, needs to be gone through. There are some bits of it — small amounts — that have been redacted for commercial/legal reasons, but the report is there. I assume that every member of the Committee will have read that report and looked at it carefully and thoroughly. It is significant that it was not really part of the programme, and one can draw one's own conclusions, I am sure, as to why. It shows the partial nature, I think, of the programme. Lots of evidence; if you are going to look at a subject thoroughly, you will look at all the evidence. You do not just pick and choose the little bits that might suit a particular, predetermined or preconceived outcome. You look at all the evidence, including the ASM report.

The ASM report lists very clearly the companies where there were problems. For example, it says:

"We have summarised below the districts where the number of jobs in which errors were identified were in excess of 50% ...:

*Leeway Maintain
Belfast 5*

*Carillion
Castlereagh*

*H & A
Carrickfergus
Newtownards*

MDC"

— now defunct —

*"Lurgan
Portadown*

*Omega
Collon Terrace*

*PK Murphy
Antrim*

So all those details are there in the report. If you have not read it, I would encourage you do so.

That brings me on to the next point, Chair, which is about potential savings, and, in fact, potential savings that are really real savings — the savings of £15.1 million in relation to double glazing. 'Spotlight' does not appear to understand my role as Minister, particularly in the stewardship of public funds. It is important that we have good stewardship of public funds because, as I said already, if money is wasted in one area, it is not able to be used in another area. For example, to do maintenance work, which is especially relevant considering the £1 billion backlog of Housing Executive maintenance work that has existed for many years.

Nor does 'Spotlight' recognise the work that I have personally carried out to ensure the implementation of the Programme for Government target in relation to the double-glazing programme. Bear in mind that I took up office in May 2011 and immediately thereafter raised this issue with officials in June 2011, and I have been working on it ever since. So I came into the Department in May and started work with officials on the issue of double glazing in June — within a matter of weeks.

You are maybe asking why I raised it — or maybe not, because I think that everybody knows why I would raise it. There is not an MLA in the Assembly who, if they are doing their job properly, would not know that that is one of the issues that people were very unhappy with. They were living in Housing Executive properties that did not have good insulation, and, therefore, with fuel poverty being so much to the fore, they were being put in a very difficult situation because they were heating their home, but the heat was being lost through the windows. It is a big issue, and the amount of correspondence that I get even now, week after week, from MLAs saying, "When will this estate be done, and when will that one be done?", is because there is a real desire politically and across the community and across all political parties to have good double glazing in the social housing sector.

I started that work in June 2011. In October 2011, the Housing Executive was already on record as reviewing the specification for windows. I emphasise that date — October 2011. That was a time when I was bidding for extra money — an extra £2 million — under the October monitoring round to put into double glazing. So, at that time, I asked for extra money, and we got that extra money to do that work. The important thing is that the Housing Executive itself was reviewing specifications in October 2011, long before any meeting with the Glass and Glazing Federation, which came in April 2012 — more than or around six months later. Six months prior to that, the Housing Executive itself was working on that issue. I wanted it ramped up before we even put it in as Programme for Government target. The specification was discussed with the Housing Executive in December 2011, and it was acknowledged that it needed a new specification. Again, I emphasise the date — December 2011, which was long before any meeting with the Glass and Glazing Federation in April. The implication has always been that, somehow or other, I met the Glass and Glazing Federation and that that meeting was what made me decide to change the specification. However, that process was already under way, long before that meeting.

My focus at the meeting, however, on learning of the Glass and Glazing Federation guidelines, was to seek advice on the guidelines from my technical officials. My technical officials advised that the Housing Executive should be asked to rigorously review its glazing specification and should benchmark its approach against that advocated by the Glass and Glazing Federation. I, therefore, sought to progress that issue with the Housing Executive, which was already reviewing its specification. I emphasise that point: it was already reviewing it.

The outcome of my focus in that area culminated in the identification of estimated savings to the public purse of £15.1 million. I believe that that has led to a better standard of work that minimises the disruption to tenants. Throughout this process, my position and role have always been matters of public record. This morning, Mr Copeland raised on the radio the breakdown and nature of the savings and how they could be understood. It is very, very simple. Of the £15.1 million — this has been said before — £9.6 million was for redecoration grants. It always seemed strange to me that we were paying out a redecoration grant to Housing Executive tenants because of the amount of damage that was done to the window surrounds when their windows were installed. I have had windows fitted, I think, twice in my life, and when they were fitted, I did not have that problem. Why? It was because of the way that they were put in. If you or I go to a company and ask for windows to be fitted, they will be fitted in a particular way that does not require the chipping away of the surround. Therefore, you do not have to replaster and do not need a redecoration grant. That is how my windows were fitted, and I assume that, for most people here, it will be how their windows were fitted. That is because the

companies that do such work generally operate to the Glass and Glazing Federation guidelines. It is good practice, and removing the need for redecoration grants saves £9.6 million. I would rather spend £9.6 million on dealing with problems with cold, damp houses than spend it unnecessarily on redecoration grants.

There was also a figure of £5.5 million for other efficiency savings on the new contracts. You can be clear about the £9.6 million because you can have an idea about what the average redecoration grant is for each house. The other figure was an estimate that was based on the likely savings that would result from a contract being awarded, and certain other specification changes brought additional savings totalling around £5.5 million. When you put the two together, you get a total of £15.1 million. I think that the position about how that came about is, therefore, very clear.

At the meeting with the Glass and Glazing Federation, a higher figure of what the saving would be was quoted. However, in a sense, that is largely irrelevant because the clear point was that there was a saving to be made. The Housing Executive was looking at the specification, we were looking at the specification and were encouraging the Housing Executive to look at it more fully, and people in the trade were saying, "Actually, that's right.". So the Glass and Glazing Federation guidelines are good. They apply in the private sector, and there is no reason why they should not apply in the social sector as well.

I will emphasise and underline this point because last night's programme did not pick up on it at all. The timeline was: into the Department in May 2011; working with officials on this issue in June 2011, and working on it ever since; information from the Housing Executive in October, when we bid for the extra money in the monitoring round to review the specification; and in December, the specification was discussed at a meeting with the Housing Executive. The meeting with the Glass and Glazing Federation took place only the following year.

The current position on the Programme for Government target for 2012-13 is that 8,856 homes have been glazed against a target of 8,600. So we have exceeded the target. I say that because there is a myth floating around about work being stopped. In one year, 8,856 homes were glazed, and that was above the target. This year's target is to complete a further 9,000, and I can confirm that the Housing Executive has begun the procurement process for a dedicated double-glazing contract under regulation 19 — the restricted procedure of the Public Contracts Regulations 2006 — which involved the issue of an advert in the Official Journal of the European Union. So the contract for the double glazing has gone out to tender through the Official Journal of the European Union, as you would expect for a large contract. Presumably companies can tender from every part of Northern Ireland, every part of the United Kingdom, every part of the British Isles and every part of Europe.

The tender process is entirely a matter for the Housing Executive, because I have absolutely no role to play in it, and the process remains under way. I do not see the tender documents, and I have no role in the tender documents. I do not know who has tendered for the contract. I know nothing about it. It is a matter that the Housing Executive deals with, and that is the case with all contracts.

There is a scandal, and I have said this before in the Chamber, in the failure of the Housing Executive over the years to identify problems in maintenance. I touched on the issue of Housing Executive double glazing, and the other issue that has come up recently is cavity wall insulation. In my constituency, I have a number of estates that contain affected houses. Of the houses affected, 25% of them happen to be in North Belfast and the Shankill, but the problem spreads into some of the estates in West Belfast and across the Province. I have had correspondence from MLAs regarding particular estates in their areas. The problem is in houses that were built in the late 1950s and early 1960s with no cavity wall, which meant they had no insulation. In this day and age, that is unacceptable.

I have looked back at the correspondence that I, as an MLA, have had with the Housing Executive over the years about a particularly difficult estate, where problems of cold and damp are very severe. The Housing Executive was constantly telling tenants, "Your problem is condensation." There is a problem that has been acknowledged, but we had to hammer away to get it acknowledged. It was almost as if the Housing Executive lived in a state of denial about those things. I went back to them again and again, and I am not a technical expert, but I could not understand how, when I went to somebody's home and saw mould growing on the walls and paper coming off the walls, the problem was being denied. We are in a position where that sort of situation is no longer being denied. We are challenging the Housing Executive to deliver, not only on double glazing but on insulation.

I encourage the Committee, and I mentioned this to the Chair, to go over and look at examples in Liverpool. I was over there recently, and the new vice-chair of the Housing Executive took me to see

an example of a house that had been retrofitted to deal with that issue. It was a superb job. I spoke to the tenants, and they were impressed. If we can get that service those for people, it will help. There are 5,000 of those, and 9,000 single-layer walls across the Province. So there is a big issue about that.

I am coming to the end, Chairman. I just have a few points to make to finish off. First, I did not suspend or put on hold the double-glazing programme. I asked that the specification be reviewed, and, in the meantime, work contracted would continue. The target for 2012-13 was exceeded. There was a lot of talk about suspension, but it was untrue. The target for this year is 9,000. That does not sound like suspension to me. When we are talking about contracts and specifications, the previous specification included use of a hinge that was provided by a company in Scandinavia. Those hinges were imported into Northern Ireland via Dublin and ended up here with the Housing Executive contractors. The specification was for a hinge that only one company in the whole world makes. Why on earth would you specify, so precisely, a hinge of a type that only one company in the world was producing?

I move now to Fusion 21, of which mention was made in the course of the programme. It is a matter of record who was at that meeting, and I answered a question for written answer in September 2012 to that effect. That meeting was about procurement, in a general way. After the meeting, Fusion 21 contacted my officials about the double-glazing programme and was rightly told that that would be a Housing Executive contract that would be put out to open procurement, and that it should contact the Housing Executive head of procurement. I understand that it did contact the Housing Executive to discuss that. Within weeks or, in fact, almost within days of the meeting, on 14 May 2012, an e-mail was sent from Fusion 21 to an official in the Department. It stated:

"Thank you for taking the time to speak to me last week and to bring me up to date on the position regarding the Housing Executive window contract."

It is clear enough what was discussed at the meeting. The e-mail continued:

"Following on from our conversation, I went back to Fusion 21 head of procurement and chief executive to see if this now created an opportunity for Fusion 21 to become involved to deliver the cost savings and social outcomes as presented to you. Having had a number of discussions, a number of issues have become apparent to us, and I thought that it might be useful to highlight the outcome of our discussions."

The e-mail goes on to speak about Fusion 21's particular potential role with regard to the contracts.

The interesting thing is that 'Spotlight' seemed to suggest that there was a meeting with Fusion 21 on a particular day, and that was it. They spent a long time investigating this; they have been at this programme for about a year. There were months of research, yet no mention of that further correspondence and contact, not only with my Department, but, as I am aware, with the Housing Executive chief executive, who met Fusion 21 in, I think, January 2012. It would have been more reflective of the facts if the programme had actually said that the meeting was the start of a process in which contracts, and so on, were discussed.

I move now to the chairman's position. The previous chairman was in post for nine years. Nine years is a fairly long time. All the issues that have been identified — the overpayments, the issues about the £18 million, the planning maintenance contracts and the response maintenance contracts — were around for years when he was at the helm of the organisation. If you look at previous reports by the Comptroller and Auditor General, and we wait to see the next one when it comes out today and tomorrow, it is quite clear that the message comes across again and again that, under his leadership, the Housing Executive was far too slow. It was far too slow in addressing issues. When I looked at the organisation, I saw that there was procrastination within it; there was obfuscation; there was delay. That is why the Housing Executive sat on the ASM report for a whole year; it was so slow. It is that lack of alacrity, that lack of progress. We should have been far further down the road of addressing these issues, and we should not have had to wait until the end of his nine-year period for something to happen. That is the difficulty that I had with regard to the role of the chairman. There was a failure to deliver; it was far too slow.

There was also a reference to a letter about maintenance staff, following a letter from Red Sky. That is a matter for the Housing Executive. It is also a matter of record, as that was covered in the PAC report. That was the letter from Pauline Gazzard, which was dated 17 November 2008. It was written to Colm McCaughley at the Housing Executive. That goes back to 2008, long before I was ever near

the Department. It is not anything new. In last night's programme, it seemed that it was something new. It is on record. It is there in the PAC report, if you want to read it. You did not need to watch 'Spotlight' to learn about it; it is in the PAC report.

I apologise for the length of this, Chairman, but you will appreciate that a lot of issues were dealt with last night and I want to see these through to completion. As regards the meeting with the Glass and Glazing Federation in April 2012, I meet many companies and individuals in relation to many issues. My role as Minister is to make myself available to all the people of Northern Ireland, with the odd exception where there is some legal or other issue and it would be a pointless meeting. I have always sought to make myself available in going out to meet people in constituencies, going on visits, talking to organisations, talking to individuals and talking to MLAs. It is a key part of my role and responsibilities as Minister in order to discharge the duties of my office. If any individual or organisation raises an issue with me that I believe should be investigated, particularly when it relates to my duty in relation to the stewardship of public funds, I will not be deterred from doing so.

My aim in relation to the double glazing programme has always been to ensure that the Programme for Government target to double glaze all Housing Executive homes by 2015 is met, while ensuring best value for money and meeting industry standards. I have been looking at the issue of double glazing in Housing Executive properties since June 2011, and long before this meeting ever took place. The Housing Executive, as I have previously said, as far back as October 2011 was already reviewing its double glazing specifications and had advised that it needed to develop a revised specification and to review a new procurement approach to provide double glazing as an individual work stream. Indeed, I discussed the change of specification at a performance review meeting in December 2011 with the chairman and chief executive, just in passing to say that — sorry, there was a point that I was going to make there but I will come back to it in due course.

The official record of the meeting notes that, at the outset, one of the attendees advised, as representatives of the Glass and Glazing Federation:

"there were better ways of resulting in efficiencies and a better service for customers."

That is a quotation from the minutes of the meeting, it is also a quotation that was in a letter that I sent to 'Spotlight'. However, it chose not to use that particular quotation because it did not fit in with its chosen narrative.

The minute of the meeting also records that the representatives of the Glass and Glazing Federation advised:

"if the Glass and Glazing Federation guidelines were followed, this could potentially result in savings estimated at £26.8 million."

That figure was estimated and the figure subsequently reached was much smaller, but £15.1 million in anybody's money is not an insignificant sum, and if you can save £15.1 million, so be it. It is a good thing to do. Indeed, the Housing Executive's chief executive also referred to the proposed review of the specification and that it hoped, following board approval, to have new tenders placed and contracts in place in the autumn. It is clear that this work was already under way. By the way, the minute of that meeting was the subject of an FOI request in the autumn of last year from Sinn Féin MLA Daithí McKay, so that has been common knowledge for a long time — to some people, anyway. The minute of the meeting is very clear: it is headed 'Meeting with the Glass and Glazing Federation' and it refers to the guidelines.

In relation to my duty as Minister, if Turkington Holdings or indeed any other company had asked me for a meeting, I would have done so because, as I said earlier, here is a list of people we have met. There is nothing new and nothing unusual in that. The point is not who attended the meeting, but the fact that they brought to my attention the guidelines and that they believed there could be significant savings if the Glass and Glazing Federation guidelines were considered. I, therefore, raised this with my technical officials, which was right and proper.

My motivation for ensuring that the thermal efficiency of all Housing Executive properties would be improved by 2014-15 through the provision of double glazing is also a matter of public record. When I came into office, I was astounded to learn that the Housing Executive estimated that 48,000 of its homes required double glazing. It is a reflection of its record-keeping that when it finally got round to checking that out, it was actually 24,000. That is 24,000 out of 90,000; a quarter of its properties, not half as it initially estimated. The Housing Executive had not kept detailed records on its systems.

That figure was not recorded; it was an estimate. The actual figure was 24,000. If 24,000 people get a better deal and are living in warmer, cosier homes that are cheaper to heat, that is a job well done. Therefore, I ensured that, in the Programme for Government, the Northern Ireland Executive gave a commitment that the thermal efficiency of all Housing Executive properties would be improved by 2014-15 through the provision of double glazing. I was not prepared to wait for 10 years, which was the original figure, to have this done. We need to have it done by 2014-15, and it will be done.

However, I also had to ensure that the double-glazing programme delivered value for money for the tenants of the Housing Executive and the taxpayers of Northern Ireland, and that is why I asked the Housing Executive to research the specifications used, as I was concerned that the specifications for the supply and fitting of double glazing did not offer best value for money. Following the review carried out by the Housing Executive, the revised specification for the procurement and fitting of double glazing has resulted in an estimated saving of £15.1 million.

The final point is that, at the end of the programme, there was an accusation made by Brian Rowntree about the permanent secretary in the Department, and, so, there was a question about the role of the permanent secretary in contacting Mr Rowntree.

I heard only last week for the very first time of this development, following 'Spotlight' approaching my permanent secretary. This relates to an internal audit report that was prepared inside the Housing Executive, which, following a second report, was withdrawn. So there were two internal audit reports in the Housing Executive, and the second one replaced the one that had been withdrawn.

The standards expected of Mr Haire as the accounting officer are to ensure that the Department and any subsidiary to it or organisation sponsored by it operates effectively and to a high standard of probity. Mr Haire is expected to carry out his role and ensure that others carry out theirs in line with the Civil Service's core values of integrity, honesty, objectivity and impartiality.

It is also his duty under the code of ethics that if he becomes aware of actions by others that he believes conflict with the code, he should report those actions. Since the second report raised an issue, Mr Haire has referred the second report to the Northern Ireland Audit Office for its consideration, and there the matter sits at present. Mr Haire saw this as an accounting officer issue and did not at any time involve me in it. When, out of courtesy, Mr Haire rang Mr Rowntree to tell him what he was doing, he made it clear to Mr Rowntree that I was not aware of this issue.

Chairman, I appreciate your indulgence, because that was a fairly lengthy presentation. I understand that there are requests for a special meeting of the Assembly on Monday to discuss these matters. I say to you now that I welcome that. I welcome the opportunity in the Chamber as, indeed, I welcome the opportunity in this Committee today to set the record straight. There were errors in the programme last night. There were omissions in the programme last night, and it was largely based around insinuation, innuendo and misrepresentation.

The opportunity will be there on Monday in the Assembly to deal with the matter even more fully than I have dealt with it today and to put the record straight. It will show very clearly that I, my permanent secretary and, indeed, my special adviser have worked at all times to ensure that the people of Northern Ireland get value for money and that Housing Executive tenants are given the best possible accommodation and are not required to live in cold, damp houses.

In taking this forward, where there is wrong, I will root it out. That is why we had the ASM report. It was not commissioned by the Housing Executive. I commissioned it. We brought in the same company that looked at Red Sky and asked it to go over all the other companies and look at them. That report hardly got a mention in the programme last night because, as I said in the Chamber, it would have vindicated all that I had said and done.

The Chairperson: Thank you, Minister, for a comprehensive presentation and at such short notice. No doubt, we will have more opportunities in the Chamber and elsewhere to deal with this issue. As I said, the Committee has already agreed to conduct an inquiry into this matter.

I think you would acknowledge, Minister, that since I became Chair of the Committee and you were appointed Minister, at no time have I endeavoured to use my position to score political points against you or your party on any matter, notwithstanding the differences that we have on policy issues or whatever else. I want to make that clear.

Mr McCausland: I am happy to concur with that. A good relationship between the Department, the Committee and me is hugely important.

The Chairperson: We will look at a wide range of issues. However, I have to put it to you, Minister, that when I met you, as you will recall, in your office at the height of the Red Sky saga, as I will call it, I made my view clear that any equivocation or attempt by you as a Minister to suggest that we accept that there are problems around Red Sky but that we leave it in place while we investigate other organisations was a fundamentally wrong position to adopt.

Red Sky was deemed by the Housing Executive to be in serious breach of a range of contractual arrangements that had to be terminated immediately, and any equivocation on that was a fundamentally wrong decision for you to adopt. I publicly supported your stated claim that you wanted to investigate all other contracts thoroughly to make sure that any other wrongdoing was rooted out. However, I parted company with your view that you could, in a way, have some equivocation on Red Sky — in other words, leave it in place while the other investigation was taking place.

On the second issue that I raised with you, I may have used a term that was, I am sure, recorded because there was a wide range of people there. John Simmons, the Committee Clerk, was with me. You had a wide range of officials with you, up to the permanent secretary. I made clear my view that in the meeting you attended with three of your party colleague MLAs, they could, arguably, say that they were representing constituency interests but that, as the Minister, your position there was not tenable.

You were meeting the management of a company that was deemed by the Housing Executive to be in serious breach of contractual arrangements — the same individuals who were then trying to buy over the company and retain those Housing Executive contracts. Again, I made it clear that that was a fundamentally flawed position to adopt.

In a subsequent conversation with Will Haire in the corridor, I made it clear that the Minister was, in my view, on very thin ice in respect of that. I suggest that that is on the record, but I had that conversation also with Will Haire. Thankfully, the matter was resolved early the next morning when the issue was put to bed, because the determination around Red Sky was reconfirmed and the matter moved on.

I put it to you Minister that there are questions of judgement at least. You referred to those early in your presentation, so I am drawing those two issues to your attention.

One major area of responsibility that you have as Minister, which we dealt with before you came in, is the social housing reform programme. Given your central — indeed, pivotal — role in that issue, will you address the matter of confidence that people may or may not have in your stewardship of overseeing what may be the end of the Housing Executive? That may or may not be, because there is as yet no political agreement on what may happen. However, I am just making the point that there is now a huge issue of confidence around that. You know, because you made it clear, that social housing and the role of the Housing Executive is a hugely community sensitive issue. I would like you to address those issues but not necessarily now.

Mr McCausland: I am happy to respond to those. When I came into the Department, and this was all happening quickly immediately after I came into the Department, it seemed to me that because of the concerns that I had about not just Red Sky — and I was as concerned about Red Sky as anyone else because I saw examples of issues that emerged that were not good —

The Chairperson: Do you agree that, at that time, you were arguing to leave it in place and to conduct another investigation?

Mr McCausland: With respect, Chair; I am not in the business of defending Red Sky. I would not defend any of the companies, because these are widespread problems. The fact that it was not just response maintenance but planned maintenance, and different companies in some cases, shows how widespread the issues were.

It seems to have been something endemic. I do not know whether it occurs in other areas and in other sectors, but certainly within the construction industry, there seems to be a considerable number of companies with which there were problems.

I have no idea of the details of the thing, but I listened the other day to the Health Minister talking about an issue with a contract within health. I remember that when I sat on the Belfast Education and Library Board many years ago, there was a contractor who got paid for building a ramp outside a library, but when you went to look for it, you had an awful job finding the ramp because it did not exist. Those things seem to happen. It was quite a widespread problem.

By that point, Red Sky had effectively gone and was in the hands of the administrators. Therefore, it was not a case of keeping Red Sky in place; it was a case of keeping what was in administration going for a number of weeks to see whether there could be an open procurement process, which would have ensured some sort of continuity for the tenants, albeit with the limitations that we have talked about, and some continuity for the staff. In all of this, it is worth remembering the staff, which I will comment on again in a moment.

The meeting was held with people who were there, and it is clearly stated in the minutes that they were there as constituency representatives. I got legal advice on whether I should have the meeting or not. The legal advice was clear that the meeting could go ahead. I wanted to be sure because I knew that somebody was bound to ask a question, so I took legal advice, and that was the legal advice that I got.

We have talked about service to tenants, but as regards staff, I recently met some workers from a company that has gone into administration who were commenting on the fact that some of them were on to their third employer. They had moved from being employed by one company doing Housing Executive work to another company and then to a third company. The same workers were just TUPEd on again and again. That is very poor for staff. It damages morale. They do not know who they are working for. When you meet the trade unions, they are very clear that that is not a good situation to be in. So I have always had in my mind not just the service to tenants but some sort of consideration for those who work in the sector, even if they are moving from one employer to another.

As regards your point about housing reform, you are absolutely right that it is a big, crucial issue for Northern Ireland as we move forward.

I think that people should look honestly and openly at the facts. We will get them out. Some of the facts are being brought out today, and I welcome that. There will be an opportunity again, possibly on Monday in the Chamber, to address the thing more fully. You are probably saying, "How can he talk any more than he has talked already?" It is hard to say that when it is Michael Copeland laughing. If people look at the facts, I think it will become clear that this was much ado about nothing, to borrow a literary phrase.

The problem with the Housing Executive has been — and I said this in the Chamber — that every time you lift a stone, another issue comes out. So it was the windows, it was the contractors, it was the lack of insulation; and, in the past few days, more issues have been emerging. It is just becoming an ongoing situation. For some reason or other, for over 40 years, it did good work, but there were problems with the culture of the organisation. I think that the outcome of the social housing reform programme will be a better outcome for the tenants.

I was amazed, as I said, when I went over to England recently with the vice chair of the Housing Executive to look at good practice in Liverpool and Manchester. We saw the work that is being done there and how innovative it is, and it is just not happening here. I see a good future for housing in Northern Ireland, and I hope that any questions that people might have in their minds will be resolved the more we get all of the light on scrutinising those things, rather than the botched job we saw last night.

The Chairperson: Before bringing in other members, I should state for the record that as regards the meeting that was referred to with the Red Sky management — or rather the outgoing Red Sky management because it was going into administration — the administrators were not at that meeting. That is the position as we understand it. The meeting was with the people who had managed Red Sky and who were trying to buy over Red Sky. That is where the issue for you, as the Minister, was called into question.

Mr McCausland: That is why advice was taken. As I said, I am happy to meet anyone, no matter who they are, so long as they have something to contribute.

Mr Campbell: I raised this at the start of the meeting because of media interest this morning subsequent to the programme going out. Minister, did you volunteer to come today?

Mr McCausland: If I am right, at about 1.25 am, I texted the Chairman. I switched off my phone when I came in here, so I cannot find the text. I would have to switch it on again. The gist of it, as far as I can remember, was that following the programme, I would welcome an opportunity to meet the Committee. I think I said that there were errors and omissions in the programme and that clarification was needed, and that I would appreciate an opportunity to meet the Committee.

Mr Campbell: It is just that some sections of the media gave the impression that you had been sort of commandeered to the meeting, or that a demand had been made that you appear. That is fine. I thought that what you said was the case, but it is good to get it on the record.

The Chairperson: You might want to get all the record, but we can deal with that later on.

Mr Campbell: What I have just said is accurate.

The Chairperson: Yes.

Mr Campbell: What the Minister has said is also accurate, I take it?

The Chairperson: Yes, but as we discussed earlier, there was a sequence to that.

Mr Campbell: There may well have been, but what I have asked is accurate, and I have taken the answer as accurate. I hope that no one will challenge that.

The Chairperson: No, it is not challengeable. It is accurate but partial.

Mr Campbell: It is accurate.

The Chairperson: It is partial.

Mr Campbell: Accurate, Chairman.

The Chairperson: And partial.

Mr Campbell: Accurate, Chairman.

The Chairperson: We will move on.

Mr Campbell: Unless you want to call me to order, Chairman, when I am asking a series of questions?

The Chairperson: No. I told members to be fully rigorous in their job. That is what they are there to do.

Mr Campbell: Thank you. Minister, if I could ask —

Mr McCausland: I have my phone on now:

"Alex, after the Spotlight programme, I would be keen to meet the Social Development Committee later today at their weekly meeting. There are a number of issues to be clarified, a number of errors to be corrected and a number of omissions to be highlighted. Best wishes, Nelson McCausland."

The response, which was quite right and appreciated, was:

"I think that that is the best thing to do. As you know, the meeting starts at 10.00 but if we agree a time for you to attend, that would be much appreciated and facilitated."

And I said:

"Thanks, will confirm time in the morning."

The Chairperson: That is right.

Mr Campbell: The only point I am making, Minister, is that, this morning, an impression was created, not by anyone in this room, but by the BBC. Let us be clear: when I say the media, I mean that I heard a BBC report this morning that appeared to indicate that the Minister was being brought before this Committee, as opposed to having agreed to come to the Committee. That is a factual inaccuracy. It may be miniscule, but it is a factual inaccuracy.

Mr McCausland: I think that it is only one of a number of inaccuracies that the BBC has put out.

Mr Campbell: The other thing is that — and I am sure that you are aware of this — this same programme, 'Spotlight', three years ago, broadcast a special that was targeted at another DUP representative, who just happens to be the First Minister. Subsequent to that programme, there was a series of investigations by the police, as I understand it, the Parliamentary Ombudsman and others. The result of those, I understand, is that the thrust of that programme was not upheld. I hope that a similar rigour will be applied to this programme, which seems to have been targeted at you, Minister. However, that will come in if this Committee is going to investigate. I said before you came in, Minister, that I would welcome an investigation, but I would really welcome an investigation with those who were the purveyors of the information at the heart of it. I hope that they will not attempt to escape in the smoke.

I have a series of questions, Chairman. I will keep them brief because I understand that there is a timing difficulty.

Minister, can you tell us when, as far as the Department is concerned, Brian Rowntree, the former chairman, became aware of the extent of the issues surrounding his chairmanship, immediately before your statement to the Assembly, which, I think, took place on 10 June? Are you aware of when the chairman would have known that you were about to make a statement to the Assembly in which he was fairly central?

Mr McCausland: I just need to confirm the details of that.

Ms Susan McCarty (Department for Social Development): There were issues raised at an early stage before the Minister's statement in July by the permanent secretary relating to a review —

Mr Campbell: Do you mean June?

Ms McCarty: Sorry, it is the statement. Those issues related to the review by internal audit of the governance recommendations that had been put in place in 2010. Those issues had already been raised with Mr Rowntree. When the Minister was going to make his statement, Mr Rowntree had already chosen to resign, just before the Minister made his statement.

Mr Campbell: What I am trying to get at here is to discover at what point Mr Rowntree became aware of the very serious nature of the statement that the Minister was about to make. I am trying to get a rough idea of the time, within a day or a week, of when he became aware. I think that this is crucial to his part in the programme last night.

Mr McCausland: It was a couple of days.

Ms McCarty: Two or three days.

Mr Campbell: And the statement to the Assembly was made on 10 June?

Mr McCausland: That would be right.

Mr Campbell: So we can be fairly sure that, in or around the beginning of June, Mr Rowntree was aware of the very serious nature of the statement that you were about to make, in which he would be central?

Mr McCausland: Yes.

Mr Campbell: The next thing, Minister is —

Mr McCausland: Just to get the record straight —

Ms McCarty: I think that we are getting the statements mixed up. You are talking about the statement made just recently?

Mr Campbell: No. I am talking about the statement that the Minister —

Ms McCarty: By the time he resigned?

Mr Campbell: Yes.

Ms McCarty: That is fine. I was just checking that.

Mr Campbell: Minister, last night's programme said that it had been in the making for about seven months. I heard a seven-month period mentioned. People had been questioned over that period. Can you recall when the Department became aware that 'Spotlight' was beginning the process of what emerged last night?

Mr McCausland: I am not sure of the first point at which the Department became aware last year. The first letter, the first correspondence, was dated November 2012. I should also say that I think that the BBC had been at this for a lot longer than that — a lot of digging was being done prior to that. A former employee of Red Sky, a tradesman who had moved on to another employer, came into my office at the end of last year or the beginning of this one, who had been door-stepped by someone from 'Spotlight'.

It was not just a case of simply going to people in the Department, or whatever, at a high level. This was a man who, I am not sure whether he is a tradesman or a labourer, worked in Red Sky. He came to me on a constituency issue. He said, "Oh, by the way, I had people at my door the other day from 'Spotlight'. They were asking questions. They asked me whether I knew anyone else who worked in the company that they should go and talk to. Did I know any other workers?" They were putting allegations to him. Clearly, this has been a huge fishing expedition, but not much of a catch at the end of it.

Mr Campbell: Minister, I want to try to zone in here on the central element of the programme, and that is why I asked the questions that I did.

The Red Sky situation emerged in 2011, and from what we saw last night, it was very clear, and you are confirming, that by November — possibly before that — this programme had been in the making for some time. The programme talked about seven months. Therefore, 'Spotlight' was concentrating on the allegations around Red Sky. You made the statement to the Assembly in June. My understanding is that the programme went out unannounced last night because I know that there was no advance knowledge or trailing until yesterday, which would certainly give the indication that it was in the making right up to the very end, to yesterday or at least to the past few days.

Mr McCausland: Indeed. Correspondence was received from them two days ago, on Monday of this week.

Mr Campbell: The point that I want to get to is this: there was seven months of investigation surrounding Red Sky. I presume that Mr Rowntree would not have done interviews with 'Spotlight' when he was in post?

Mr McCausland: I would assume not.

Mr Campbell: I would think that that would have been extremely unlikely. The interviews must have taken place between the beginning of June and yesterday. In that time, everyone — Mr Rowntree, 'Spotlight' and the wider world — was aware that the issue around Red Sky was not confined to Red Sky. That is the central point here.

Minister, you named a number of firms in the Chamber at the beginning of June, of which, obviously, the former chairman of the Housing Executive was aware. I presume that 'Spotlight' and everyone else was aware of them. Yet, those companies did not appear — it is not the case that they did not appear, they did not merit investigation, inclusion or reference in the programme in the five weeks after 'Spotlight' became aware that more than one company was involved.

That merits a very substantial series of questions that I know you cannot answer. However, some people, particularly the purveyors of the programme, will have to come to that desk to answer them.

Minister, you said that the chairman had been in post for nine years and you also mentioned the series of issues. Is it your belief that Mr Rowntree was aware of those issues for a considerable time before June 2013?

Mr McCausland: When he was still in post, he would have been aware, certainly, that the issues surrounding response maintenance involved more than one company. Those things were emerging when I went into the Department and, at that stage, even as I was going into the Department in 2011, it was clear that more than one company was involved.

The big issue of planned maintenance goes back to the time when he was in post.

The fact is that the Comptroller and Auditor General's reports on the Housing Executive's annual accounts, going back over a number of years back to the time when he was in post, have featured those issues about irregularities around contracts. The Comptroller and Auditor General has identified those issues again and again. That is the problem with all this. It is not simply that we commissioned ASM to do a report, or that there was an Auditor General's report or a PAC report. The Housing Executive's internal audit identified issues but nothing was done.

We are in a situation where you never know what you are going to find. Those things were happening when he was there but nothing was done about them. He should have been aware.

Mr Campbell: Minister, you are saying that it was clear that he was aware before it came to the point that he became aware that you were about to make a statement in the Assembly?

Mr McCausland: Yes.

Mr Campbell: We have to presume that it was at that point or beyond it that interviews with him took place, as it would be unprecedented for a serving chairman of the Housing Executive to involve himself or herself in a series of interviews with an investigative programme without telling you?

Mr McCausland: That is correct.

Mr Campbell: It would have been unprecedented. The sequence of events that followed the beginning of June did not make any apparent change in the investigative trail of 'Spotlight'. It appears that the programme makers continued on the Red Sky pursuit and did not deal with the other companies.

I have one last question. You said towards the end that the permanent secretary had spoken to Mr Rowntree and that he alluded to that in the programme when he said that it was highly unusual. Given that Mr Rowntree alluded to the fact that the permanent secretary spoke to him, but did not go into detail about what it was that the permanent secretary spoke to him about, can the Committee and the wider public know the detail of what the permanent secretary spoke to the chairman about at the time that he did?

Mr McCausland: There are two points there. First, since June, the big story was — in fact, two things came out in the one day in statements. I referred to the publication of the ASM report on the website, and I also announced a further indication of an £18 million overpayment in regard to planned maintenance, which was about to be fully investigated. Work on that will be ongoing over the summer. About 13 weeks of work are involved in that. At the point when the programme was still well in the

making, and certainly before they finished interviewing Brian Rowntree, it was known to 'Spotlight', all its staff, everybody in the Assembly — and, if they were reading and watching the news, anybody in Northern Ireland — that there was an £18 million issue. That got put aside because it did not, somehow, seem to fit the narrative that had been predetermined.

An internal audit report was prepared inside the Housing Executive, and that related to the issue of the stock transfer in Rinmore in Londonderry. 'Spotlight' referred to that, so it is on the record. That is the subject of the report. An internal audit report was carried out on certain aspects of that. Subsequently, information became clear, as it said in the programme, and he was sort of suggesting that, somehow or other, e-mails had been manufactured. Evidence emerged that raised questions about the validity of that internal audit report. Therefore, a second internal audit report was done, and the first one was withdrawn. It relates to matters around the Rinmore stock transfer. I am loath to go beyond that at this stage, but he himself — I am not breaking any confidence here — said that there were e-mails floating about that had not been on his computer. I am no technical expert, but it is stretching the imagination a bit to suggest that people were manufacturing those things.

Mr Campbell: I understand the reluctance to go into the detail of what may well be a continuing investigation, but is it reasonable for people to assume that if the permanent secretary of a Department rings a serving chairman of some nine years' standing of an arm's-length body that deals with public housing matters, he is not ringing to indicate that a ramp has not been fitted at the front door?

Mr McCausland: There is an issue of public confidence in that internal audit report. That report is a matter that 'Spotlight' was obviously aware of. I am not sure how it would have found out. The report has implications for Mr Rowntree, particularly because he is currently the chairman of the Civil Service Commission. He was previously chairman of the Housing Executive and is now chair of the Civil Service Commission, and the report potentially has implications for him in that role. That is why the matter has been referred to the Northern Ireland Office for its consideration.

Mr Campbell: I have one final wrap-up question, Chairman. That question will obviously hang in the air, because people will now ask what was the nature of the discussion and how serious was it, given that, as I say, it is inconceivable that it would be about a minuscule matter.

Mr McCausland: It is about personal probity and integrity.

Mr Campbell: Given that Mr Rowntree alluded to it during the interview — we do not know when the interview took place — one would imagine that an investigative journalistic team would have wanted to establish — provided that it was impartial, of course; that is a big proviso — the nature of that discussion. Was there an FOI request or any request from 'Spotlight' to uncover the nature of the discussion involving the person whom it interviewed, who volunteered the information and who had resigned from his position in early June? Was there any request?

Mr McCausland: There was no FOI request. There was a letter from 'Spotlight' that asked a number of questions about the issue, but there was no FOI request for the actual document. It was clear from the questioning that what it was getting at was that, even though the permanent secretary had spoken to Brian Rowntree about it, the question in its letter — I cannot remember the exact words, so this is a rough version; I will be happy to return with a more accurate version — was whether the Minister had initiated that or had been in some way involved in it. That was why it was so important that the permanent secretary was able to tell it very clearly that I had no knowledge. I found out about it only at a very late stage, in the past few days. I was surprised and shocked that such a thing could have happened that merited the sorts of questions that were being asked. I still have not seen the report.

Mr Campbell: Was the 'Spotlight' letter trying to interrogate your awareness of this —

Mr McCausland: Yes.

Mr Campbell: — as opposed to the substance of the issue?

Mr McCausland: It did not ask for the content. It simply wanted to know whether I had initiated it.

Mr Campbell: Right.

Mr McCausland: I am sure that the member will draw his own conclusion from that.

Mr Campbell: I am sure that I will not be the only one.

Mr McCausland: Indeed.

Mr Durkan: Thank you, Minister, for volunteering to come here today and for going into such detail thus far, although there is a bit of a difference between putting things in context and possibly deflecting from the issue that you are here to discuss. You dismissed last night's programme and its insinuations, allegations or revelations as "much ado about nothing". The public perception, to borrow another literary phrase, might be that "something is rotten".

Mr McCausland: I concur with that. There is something very rotten when £18 million is overpaid to contractors, according to the figures that were produced not by me but by the chairman of the Housing Executive. There is something very rotten when a number of people were, according to the programme last night, engaged in fraud. There is something very rotten when you have the sort of situation in which huge amounts of money are paid out for work that obviously had not been done by response maintenance contracts and where there were irregularities. It is also very rotten that people have to live in houses that are cold and damp because the work has not been done on them.

Mr Durkan: I think that we would all concur with that, Minister.

Mr McCausland: It is just a pity that it was left to me to identify that issue. There is also a bad sniff, at least, about the way in which 'Spotlight' operates.

The Chairperson: I suggest that, as we move on, we do not exchange literary gems. We are not in the Lyric Theatre; we are an Assembly Committee that is dealing with a very important matter. We should move on with the substance of the business at hand.

Mr Durkan: Chair, it was a fair enough point. The insinuations of political corruption at least, and possible criminality, need to be questioned. I welcome the fact that the Minister welcomes a recall of the Assembly and a Committee inquiry into these things. It is vital to restore public confidence — Minister, you used that term — in not just you but us as a Committee, the Assembly and democracy as a whole.

Chair, in your questioning of the Minister, you touched on the appropriateness, shall we say, of meeting companies about contracts with other organisations — and not just the appropriateness, but the legality of it. Minister, you informed us that you had sought legal advice. Can you go into more detail on that legal advice? Where was it from? What exactly was it based on? Was it from your special adviser? Questions were thrown up by last night's programme about the role of SpAds in general — do SpAds require ministerial approval? Does a SpAd have a role in vetting information that comes out of a Department? I will wrap it up here to let the Minister back in.

Mr McCausland: I am happy to address those points. First, you used — very rightly — the word "insinuation". There were no accusations, and there were no allegations because there could not be. There was no evidence. That is why the programme resorted to insinuation, implication and innuendo to try to create a case when there was not one. I appreciate that in choosing the word "insinuation", you used exactly the right word.

Secondly, you asked about legal advice. Legal advice is always sought from the Departmental Solicitor's Office. My special adviser is not a legal expert. He has many skills and a lot of expertise but he is not a legal expert. We seek advice on legal matters from DSO.

Mr Durkan: I recognise the skills of Stephen; he certainly could not be accused of complete incompetence, that is for sure.

Mr McCausland: I am glad that you recognise the quality of his work.

Mr Durkan: As I said, he could not be accused of complete incompetence.

On to the issue of the windows; you said that the programme-makers did not seem to understand the issue. It is fair to say that the majority of us on the Committee did not really understand the process

that we went through over the windows, and we discussed it almost ad infinitum in Committee meetings. Savings of £15 million have been mentioned, and, of course, it is a Minister's duty to look to achieve savings; it is the duty of all of us. However, £9.6 million or £9.5 million of those savings was based on the redecoration grants, and by the admission of the Housing Executive and departmental officials, it was later established that the existing reversible hinge, or reversible hinge, windows — us Derry ones are always whinging [*Laughter.*] — could still be fitted without the subsequent need for redecoration grants. So, one week, I thought we had established that the £9.6 million was almost mythical, but then, a week later, the officials came back to insist that it was not. They seemed to be doing a bit of toing and froing.

Minister, you said that there is a myth out there about work being stopped. Now, during the week, with some other Assembly Members, I met a delegation or deputation of contractors who had been working on the double-glazing programme, and I do not think that it is a myth to them that they are having to lay people off. It is not the fear of redundancy now, it is the reality of redundancy, and I wonder whether you can expand on that. The contractors were here the other day, and I know that it was at short notice and you were not able to meet them.

Mr McCausland: This is an issue between that delegation and the Housing Executive. You said that there has been a lot of discussion about these issues. You can have a lot of conversation and discussion about something, but it does not necessarily always shed the most light on it. The redecoration grants issue is not a minor thing. That was a major change, and it was a good change and the right change. I just do not understand why it did not happen a lot sooner.

I have dealt with the issue about the hinges. Why would you fit to a bungalow an expensive hinge that, as I understand it, is very much needed for high-rise flats, and so on? You need reversible hinges in certain circumstances, but I cannot see the justification for fitting them to a bungalow. I find this point that I made particularly interesting: I have never fully understood why you would specify a hinge that is only available from one supplier. It seems strange.

Finally, the point about the lack of work or otherwise: I did say that 8,600 windows were fitted last year and that 9,000 will be fitted this year. We are on target for that, and I fail to understand what the difficulty is. I may not understand it, but if we are fitting 9,000 windows, someone has to manufacture 9,000 windows.

Mr Durkan: Do we know how many have been done so far out of that 9,000?

Mr McCausland: We are now at the beginning of July, so we are only a couple of months into the year. The figures for this year are not yet available, but the target this year is 9,000, and we will get that done OK. That means that if there was work for a year with 8,600, why is there not work for a year with 9,000? That is a matter between those contractors or suppliers and the Housing Executive. I spoke to one of your party colleagues to say that that was the right thing to do: to contact the senior folk in the Housing Executive and deal directly with them.

Mr Durkan: Finally, Minister, you criticised 'Spotlight' for leaving bits out, and I am pretty sure that it did leave quite a bit out. You referred particularly to the ASM report. You described the ASM report as having small amounts redacted. Having looked at it, I thought that there was more taken out than was left in. What was the actual cost of that report?

Mr McCausland: The whole thing runs to 169 pages. I do not have all 169 here, but I have a number of them — the key ones. There are the pages of that report — the key bits; it is all there. In that, there is one page where some figures are redacted — one page out of 20-odd pages. Sorry, I apologise: on two pages, out of about 20-odd pages, some figures have been redacted. Therefore, when you say that most of it was redacted, that is totally untrue. I am happy to show you, and you can check how many pages out of the 20 were redacted. You will obviously then conclude that you were wrong.

Mr Durkan: I will. I will retract that.

Mr McCausland: Oh, right. As long as you are not redacting it; as long as you are just retracting it.

Mr Durkan: The copy that I originally got sight of had a lot more redacted than that.

Mr McCausland: You asked about the cost of the ASM report. That is a matter that would be commercial confidence, and we do not disclose that minor point. However, since it was the same company that did the piece of work on Red Sky, it was right and proper to use exactly the same people and the same methodology for the other companies. I am sure that you would agree with me that it would have been totally remiss of me not to have carried out that investigation. If it was right to carry it out in the case of one company, it was right to carry it out in the case of the others. The content of the report confirms that we were right to carry it out. I understand that you have already asked Assembly questions about the cost, and the answer, in those cases, was that it was a matter of commercial confidence, so it is still a matter of commercial confidence. In the scheme of things, we are talking about £18 million here and £15 million there. It is a shame that we have to do that work.

Mr Durkan: The £18 million is based on the extrapolation of figures.

Mr McCausland: Oh yes. If it comes back at £16 million or whatever, it is big money.

Mr Durkan: Yes, without a doubt.

Mr McCausland: Big money in anybody's sense.

The Chairperson: A number of members want to speak. You are all noted.

Mr Brady: Thank you for the presentation, Minister. During your presentation, you referred a number of times to issues that were the responsibility of the Housing Executive only. Would you not accept that, as you are Social Development Minister, housing is a major part of your portfolio and, therefore, you are ultimately responsible?

I know that you said that you made a statement to the Assembly about other contractors, but last night's programme obviously focused on Red Sky. Looking at it, some of it was quite bizarre — disappearing tower blocks and people being paid for stuff like that. It seems to me that what it highlighted, amongst many other things, was the lack of engagement between the Department and the Housing Executive on a day-to-day, week-to-week and month-to-month basis. The inference seems to be — I do not think that you have denied it today — that the Housing Executive was almost left to get on with this, I think you said, "systemic and endemic" failure. You mentioned that during your statement.

I have just a couple of other questions on the particular issues around what Red Sky was not doing. You mentioned cold and damp houses. There were examples last night of ceilings collapsing two or three times and nothing being done about it. It seems that Red Sky was particularly guilty of not doing stuff; it was certainly alleged to be guilty of not doing stuff.

In the programme itself, a lot of it seems to come down to — you mentioned your special adviser and the conversation that he had with one of your councillors — credibility, particularly in relation to one of your councillors, because she made particular statements about what was said, etc. That seemed to be a major issue in the programme. In relation to the other companies, obviously you have said that investigations are going on, and presumably that will continue over this 13-week period.

I have just a couple of other issues. Do you agree — I suppose that this is a loaded question, in a sense — that the relationship between you as Minister and Mr Rowntree was fairly fraught over the period when he was chair? Obviously, as you say, he had been chair for quite a while prior to you taking up office. It certainly came across that, on a personal basis, there was a fraught relationship.

On a number of occasions, you mentioned the importance of double glazing, redecoration and all that. In my experience, redecoration has been an issue for many, many years, although it used to be less of an issue when the Housing Executive had direct labour. However, it was decided that contractors should be brought in and direct labour done away with, particularly in my constituency in the southern region, because at least people could identify who was supposed to be doing the work. A lot of people were driving up in wee red vans, taking details and then disappearing, and you could never find out who it was.

On the issue of double glazing, have you met any double-glazing companies about these issues recently, even, for instance, this week?

Mr McCausland: You covered a range of issues there, and I hope that I get them all. If I miss any, I will be happy to come back to it.

You talked about disappearing tower blocks, and you are right there.

Mr Brady: I thought that maybe that American magician was a consultant for Red Sky. Apparently, he used to make the Empire State Building disappear.

Mr McCausland: That is one possible explanation. It is very clear that I am not in the business of defending any company because when I look across a number of companies, I see that there are issues. Yes, there are issues about overpayments, double payments — a whole range of issues. I freely acknowledge that that is the case. Those things were going on in my predecessor's time. This goes back a number of years. I hope that we are in a better place, or at least that we are getting to a better place than where we were.

You touched on a key issue there about the relationship between the Department and the Housing Executive. Of course, there are operational matters that need to be left to the Housing Executive. It has its own board, its own chief executive and its own chair. The chair is the person I appoint and through whom I have that relationship with the Housing Executive. Yes, there needs to be a good relationship between the Minister and the chair. It was also, I thought, clear from the programme last night that maybe the relationship between the previous chair and some senior Housing Executive officials was not great either.

What I can say to you is this: since we have looked at these things more closely, we have new accountability measures. I know that there was a presentation to the Committee, maybe even last week, on the new accountability measures. I have a monthly meeting with the new chair of the Housing Executive. He only came into the post in November, and is doing an excellent job. The new vice chair has brought a wealth of practical and academic expertise to the whole realm of housing and, I think, will be a real asset to the organisation moving forward. I have regular meetings once a month where you get an update — not just the regular quarterly meetings that there might have been before. It is now on a monthly basis. I think that that is a good thing, because we are in a time of change. We have real challenges, and we need to get all these issues sorted out. That relationship is, therefore, hugely important.

I welcome the fact that you acknowledge — in fact, you raised the point — that the issue of redecoration grants has been around for many, many years. That is part of my problem. In the Housing Executive over the years, things were done just because that was the way that it had always been done, so we will just do more of the same. There was not the willingness to be innovative, not just in practical issues such as this but even in some of the additional services that are delivered by the Housing Executive. There could have been a lot more innovation. It was more a case of more of the same, and that is why I highlighted the issue of insulation of properties. That issue has been around since 1950, so for 70 years. For the entire 40 years of the Housing Executive, that issue has been there, but nothing gets done about that. That is why I was so disappointed that, under the previous chair, there was little change happening. We are now getting change and real delivery.

You also highlighted the very important issue of subcontractors. There are some contractors who get Housing Executive contracts for maintenance who have very few subcontractors. There are others where the vast majority of their work is done by subcontractors and who have a very small core staff. Is that a good situation? I certainly have asked questions about that. Is it a good situation where you are almost entirely reliant on subcontractors, who, as you said, drive up in a wee red van, and you do not know who it is or whatever?

You asked about the meetings with double-glazing companies this week. No, I have not met any this week, and I explained a moment ago about the companies that were up at Stormont the other day. I spoke to Patsy McGlone in the corridor, and he asked me about it. I said that, as things are, the best thing is for you to go and see the chief executive in the Housing Executive directly, because the information that I am getting is that we are on target to do the work. The work is there. Whatever the reason for it not filtering down, that has to be sorted out quickly between the two.

Mr Brady: I will finish off with one question. Thanks for your answers. You mentioned the much more in-depth meetings with the chair of the Housing Executive, and much more detail. Does it take a crisis to promote these meetings? I go back to what seemed to me to be a fairly huge disengagement between your Department and the Housing Executive. You are saying that those meetings have been

taking place since the new chairperson has come in, but, surely, that should have been normal protocol for two such huge organisations as the Housing Executive and the Department, which, to use that hackneyed phrase, are inextricably linked. Why were those meetings not held on a much more regular and in-depth basis? It just seems that there was kind of an ad hoc arrangement.

Mr McCausland: It was not ad hoc. In the past, as with most arm's-length bodies, the most regular engagement was between the permanent secretary, as the accounting officer, and the chair of the organisation. We now have an arrangement that, at those monthly meetings, the chair is there and the permanent secretary is also there. That is unusual. It is not normal practice, but the chair appreciates it and I appreciate it. Every month, as he comes in, there is progress to report. In the past, we were not seeing that progress. There was a lack of alacrity and a lack of movement. You could well have been in the situation of holding meetings where there was nothing to report.

Mr Brady: Could that not have been addressed much sooner?

Mr McCausland: A culture — an ethos — had developed in the Housing Executive, and bear in mind that the previous chair was there for nine years. That chair was there under Alex Attwood and Margaret Ritchie and their predecessors under direct rule. That chair had been there for quite a long time.

Mr Brady: Well, they should have been doing that as well.

Mr McCausland: That is a point that I concede, readily. The issue is that an ethos had developed, and, sometimes, cultural change in organisations can be slow. It is not as if it was exclusively an issue with the chairman. There were also issues about people at a senior level within the organisation. There was a range of problems, and there was not much chance of things going well with that situation.

Mr Copeland: I will be as brief as I can, Minister. I, too, thank you for your attendance here this morning and explanation thus far. At the time that the meeting was held between you, your departmental officials, some DUP MLAs with a constituency interest and those who had previously been associated with Red Sky, Red Sky was under the control of BDO, I think it was, which was acting as administrator. Presumably, BDO would have had responsibility for the assets, liabilities and contingent liabilities pertaining to Red Sky. At that time, had the people who attended that meeting with you, your departmental officials and colleagues, and who had previously been involved with Red Sky, become incorporated as Totalis or were they acting as private individuals? Did Totalis exist as a corporate entity?

Mr McCausland: If you look carefully at the minutes of that meeting, which are on public record, and the information that was passed on, you will see that it is quite clear that the two gentlemen were there as former directors or officials with Red Sky. There was no mention of Totalis or any other company; absolutely none.

Mr Copeland: My question was: did Totalis actually exist as a corporate entity?

Mr McCausland: I would not know. It was never mentioned; it was never raised; it was never talked about. I was not aware of Totalis at that time.

Mr Copeland: OK, sir; thank you. What is your interpretation of the legal responsibilities of an elected representative who finds himself a political appointee to a board such as for the Housing Executive, the Fire Service, or anything else?

Mr McCausland: Sorry, the first part of your question is in relation to people —

Mr Copeland: If a councillor, or someone, is appointed by virtue of their elected position to another position on something such as the Housing Executive board, are there any particular legal responsibilities that go with that appointment that govern their behaviour?

Mr McCausland: As I indicated earlier, there are guidelines for people who serve on public bodies. To the core of what, I think, you are referring to; the conversation between the special adviser and the individual, in the case of the Housing Executive, was a single, short telephone conversation that lasted

six, seven or eight minutes. It was providing a context — I keep using the word context — for what was being dealt with, because it was already becoming clear to us that this was a much more widespread issue, which is something we have covered already.

Mr Copeland: I understand that.

Mr McCausland: That had not seemed to figure in the thinking. It proved to be impossible to do this in the end, but I liked the idea of going for an open procurement process because my concern was this: why do you take a contract away from a company that has behaved improperly and give it to another company that might behave equally improperly?

Mr Copeland: It was not so much the context of the telephone call; it was the principles within which your councillor would have been expected to operate within the Housing Executive.

Mr McCausland: I am sure that the member has sat on public bodies and will be aware of the principles and guidance for members of such bodies.

Mr Copeland: Have you any knowledge of the number of investigations into alleged misappropriation or mismanagement of contracts leading to overpayments that were launched by the previous chair of the Housing Executive during his final years?

Mr McCausland: He was there for nine years. I do not have knowledge of a number; I would not know the number.

Mr Copeland: OK. Lastly, with your forbearance Chair, I will ask about windows, particularly. To be honest with you, as you know, I spent a large part of my early life manufacturing windows, and I know a little bit about them. The savings that were put to the Committee were couched in such a way that they were almost entirely due to the change in hinge type. As it went on, it became apparent that they were not. I accept that you were advised of a potential saving of £9.6 million. My belief is that any notion that you can replace any windows in the absence of damaging the property to such a degree that it would require remuneration to redecorate is misplaced. Windows are generally placed from the inside or the outside. In Northern Ireland and Scotland, they are always done from the inside, because of our inclement weather conditions. The new system means that you make the window so small it just goes into the original hole; you fill the gap with foam; and then you bolt it to the reveals. The reveals are where the difficulty arises with redecoration grants, because if you make a window bigger and plaster up to it, that is awkward. They are proposing to nogging, or cut a piece out of, the reveal to put in a fixing. The difficulty is that in most cases, the reveals are boast, and as soon as you put a chisel anywhere near one, it will land at your feet. So the notion that you can do that and say to people that there will be no redecoration grants is flawed. I am not suggesting for one minute that you are misleading us, but I am suggesting that the information that you have been given, upon which you have based your judgements, is not correct.

Mr McCausland: First, the information that I gave you is from the Housing Executive. The people in the Housing Executive are the professionals. Unlike you, I have no experience in manufacturing, fitting or anything else with windows.

Mr Copeland: I am sure you are none the poorer for that.

Mr McCausland: That may well be the case.

I am totally reliant on the Housing Executive for information in that area. This was an operational issue, and we said, "Look at it." The Housing Executive came back with its independent professional view. The people who work there are housing professionals, which is why they are in the Housing Executive. If they come back with a view, I am not in a position to challenge it or to say that it is right, wrong or whatever. I accept that view.

Mr Copeland: That is why we challenged it in here.

Mr McCausland: You obviously have a background in glazing.

Mr Copeland: Construction.

Mr McCausland: Construction. Most members have limited experience in that area, so they are coming at the issue with a similar level of knowledge and expertise to me.

As regards the companies that were fitting windows, I was very concerned about the quality of the workmanship. Somebody who was watching the programme last night from south Belfast took a sudden urge to send me an e-mail around midnight, lamenting the situation that they had experienced when having windows fitting in their property. I went out with officials from my Department to see schemes in a number of estates, and the windows were not being fitted so much as being butchered. You could put your hands round some of them, and even when the work was finished they were not right. Bear in mind that those windows are being fitted for however long windows are expected to last: 10, 15, 20 years. Therefore, this is not a quick thing where you might say, "Well, they will be round next year to paint over it." This is something that will be around for a period of time.

A lot of the things that I have raised in the Department regarding housing, whether it is the insulation, the windows or whatever, has been driven by personal experience of being in housing estates and seeing at first hand what people have been given and saying, "That is not good enough." I would not want it for my house, so should we be subjecting people to something substandard?

I suspect that, in some cases, the people fitting the windows had no experience or expertise in the field. They might well have been trained in some other aspect of the building trade — they might well have been plasterers or something else — but they were given the job of fitting windows. You get a better standard if you have someone who has experience doing the job.

Mr Copeland: I would not doubt it.

Minister, in your closing remarks, you asked why anyone would use a window hinge that was only available from a particular company. That question is quite justifiable, but the truth is that the window hinge in question has a 25-year guarantee, it has never been known to fail and it was selected by a previous Housing Executive procurement process as the very best available. When I asked the Housing Executive to see the trail for that process, it took it months to get me the paperwork to vindicate the decision.

The other essential thing, and this is rooted in knowledge of the construction industry, is that the biggest and most costly mistake in window installation is when you get a handle wrong. If you have a house with eight windows and they are top-hinged, you have eight windows of different sizes. If you have left- and right-hand hinges, you will have 16 variants, which are what create the difficulties and cost the money. The Housing Executive did not even include the differences in the cost of the additional handles that would be required. So, I got the impression that we are being, rightly or wrongly, steered towards a particular conclusion. I may be right or wrong on that.

Mr McCausland: You made a very important point that I agree with entirely. The decision on hinges, and so on, was a Housing Executive decision. It looked at the specifications and made the decision, not me. I would be the last person in the world to make that sort of technical decision. We rely on the experts and they get paid as they do by the Housing Executive — and why they are employed — because they are supposed to bring professional expertise and that was their professional expert opinion. You may take a different view on that.

Mr Copeland: As is my right.

Mr McCausland: As is your right.

Mrs Cochrane: I thank the Minister for coming along. It is useful to get more background on some of the issues that were raised last night. Following on from some of the earlier comments, the focus was very much on Red Sky and, as you said, not very much was said about the ASM report.

I would like you to clarify a couple of points. You wrote in a letter to Naomi Long in May 2011 that the full ASM report had not been provided to Red Sky at that point and that that decision was made by the Housing Executive because the report provided an independent professional review of a range of issues concerning the management of contracts and it would not have been appropriate to disclose all the documentation. You went on to write that it would not be appropriate for Red Sky to have access to some of that information, especially as internal disciplinary action was under way.

The further report that looked at everything was the one that you very much wanted to make public. Are you confident now that everything in both those reports that was in the public interest is in the public domain and that action has been taken to rectify the issues that were raised?

Mr McCausland: The key thing for me going forward is that we get the systems right. I have a much higher level of confidence that we are getting the right direction since the arrival of the new chair and vice-chair in November. We still have a long way to go. All of us are only too well aware of what happened with one contracting firm, Garrivan and O'Rourke, the other week. MDC also went into liquidation, so two contractors went into liquidation in recent weeks.

I met some Garrivan and O'Rourke workers who were on, I think, their third contract employer. That is not good for workers but it is also not good for tenants because there is always a build-up of work. In one case, there were 1,000 jobs undone in a particular area because of the changeover from one contractor to another. That meant that in that hiatus, that interim period between one and the other, only essential repairs were being done — a serious electrical or water fault was dealt with but if the plaster was falling off your wall, you just had to wait. That is not good for tenants and it is not good for workers.

A piece of work needs to be done to look more extensively at contracts. That is why I was happy to talk recently to people from Great Britain about how that is done in GB. Trends are emerging not only nationally but internationally in regard to this because these issues are not unique to Northern Ireland. I spoke to officials there and said again to the Housing Executive that we need to see whether we can learn from good practice elsewhere and do contracts a bit differently.

At the moment, people tender for a contract. The Housing Executive produces charges for fitting a tap or repairing a plug. We estimate that, for example, 1,000 taps and 1,5000 plugs will be fitted over the course of a contract, so a tender document is put in. The Housing Executive will have a fair idea of what it will cost to do the work. However, companies are coming in at 10%, 20% and even 30% under that figure. It is no wonder that some companies go to the wall when they undercut by 30%.

It is very hard; these are complicated things. In the past number of months I have been out to talk to the trade unions and to talk to employers and contractors who do not have any Housing Executive contracts at the moment. As I was chatting to them about how contracts work and so on, one of them said that if he was to tender for one of those and get it, that he would have real problems. He said that he could undercut by 5% and make a profit, that he could do it well and get a profit if it is 5%. If it was 10%, he said that he could wash his face and break even; that he will have work for staff but he would not make anything on it, but he was shaking his head and saying that he did not know how to do it when you get down to 15%, 20%, 25% or 30%. What is happening is that the price system is just driving down to the bottom. The whole structure drives prices down; it is cut-throat. People are then looking for work, getting work at tender figures that are unrealistic and the Housing Executive signs that off. It may challenge them, but it is an issue that I certainly want to see a bit further on.

I met recently with the Construction Employers Federation about contracts and the issue of pricing of tenders. It was raised at that meeting along with procurement and contract issues. This is about more than just company A, B, C or D, this is about how we do this across the whole sector.

You asked earlier about the ASM report; the decision to publish the report I commissioned. The Housing Executive's publication of its ASM report on Red Sky was its decision. I made my decision about the report that I commissioned. I think it is good to get the information out there. These are big issues and big amounts of money and lots of people are affected: 90,0000 tenants. We need to make sure that people out there, politicians, elected representatives, whatever, and the media understand what we are dealing with.

Mr Douglas: Thank you, Minister and Susan for coming today. Unlike the Chair, I had not spoken to you before this meeting and I certainly have not had any texts from you that I know of. I have a number of questions. First, Belfast City Council also had contracts with Red Sky and I assume with some of those other contractors as well. Are you aware of any issues or similar issues pertaining to those contracts?

Mr McCausland: I am not aware. There may be, but I am not aware of them.

Mr Douglas: I thought that there may have been a report somewhere that investigated another company or another organisation such as Belfast City Council.

Minister, you mentioned this morning that you would regularly meet with companies, and you gave us a list of those companies. Is this a regular practice with Ministers in Stormont? Certainly, the programme tried to show last night that there was some sort of irregularity about that. I imagine that that would happen right across the United Kingdom in other Administrations.

Mr McCausland: That is common practice and it is good practice to listen to people and to meet with them. That happens on a reasonably regular basis, not only here but in the Republic and across the UK; that is normal practice. If people have an idea, a concept of something that will ensure a better service for tenants, I am happy to listen, just in the same way as when I was in DCAL. I got representations all the time from artists and arts organisations, and I did not turn them away and say we will not talk to you. You talk to people; that is good. It is good to talk.

Mr Douglas: I saw someone say on Twitter this morning that the DUP was fixated with Red Sky. You stated clearly this morning that you were lobbied and people wrote to you through other political parties in east Belfast, which I support because of the very fact that there was the potential to lose over 400 jobs in east Belfast. We lost quite a number of those jobs over the period of a couple of years, but again, is that the sort of practice that happens with other Ministers as well; politicians lobbying you and bringing community groups or businesses to you?

Mr McCausland: My experience is limited to DCAL and DSD, and it is common practice for people to bring organisations to me, whether they be arts organisations when I was in DCAL — and they are commercial organisations — or people raising issues of concern in regard to their constituents. I would be surprised and disappointed if we did not have representation from local MLAs. The letter that Judith quoted from was in response to a letter from Naomi Long in east Belfast; that is normal. I have had representation. The point that I have made again and again is that it is good practice that people look after the interests of their constituents. It would be a surprise if they did not; that would be a dereliction of their duty.

Mr Douglas: There were also the recent revelations of the Housing Executive's £18 million overspend. 'Spotlight'-type programmes often undermine public confidence. How can we, as the Assembly per se, restore that public confidence? Do you think that recalling the Assembly on Monday will help to restore confidence?

Mr McCausland: The use of the word "fixated" is interesting. I think that it is 'Spotlight' that has a fixation with Red Sky. I have emphasised that the £18 million figure is an estimate. It may go up, it may go down, and some of it may be negotiated, but it is significant. One of the key things is getting accurate information out there. So often in today's world we get garbled versions of stories in the media, and I think that last night's programme was garbled. I like good clear, accurate information.

I just checked my watch, and we have been here almost two-and-a-half hours. So, we have gone into it in some depth. That has given us the opportunity to look at it thoroughly, which is the right thing to do. It is about good, accurate information. While it is a shame that it has to be done, I welcome the opportunity to set the record straight in the Assembly on Monday. It is good to have been able to do that in front of the Committee here today; that is the right place to start. We will then take these issues out on to the Floor of the Assembly, and I will be more than happy to respond. I may not get as much time as I have had today through the Chair's generosity, but I will avail myself of that opportunity.

Mr Douglas: Looking at it coldly, is there anything that we can learn from last night's 'Spotlight' programme? Obviously, a lot of things were rehearsed last night. Looking back at the whole process, is there anything that you would do differently as the Minister?

Mr McCausland: Are there things that we can learn from it? As I said earlier, as there has already been the Public Accounts Committee report and the Audit Office report, virtually everything was already in the public domain. There was nothing new other than one or two minor points from years ago that precede my time as Minister. I was not aware of them, and I will be interested in getting the relevant people to follow up on them. There was not much new information learned. It perhaps gave a better insight into some individuals. When people go onto a programme like that and speak, you often learn quite a bit about them. I found it interesting to listen to the former chairman in that regard.

I suppose that, if we were all to look at life, we might all do certain things somewhat differently. However, I am quite content with the way in which I handled this issue and all the other issues. Those have been very difficult and really challenging issues. I was hit with those issues immediately

on coming into the Department. I did not really have time to get bedded in — I was straight into it. Housing and welfare reform have dominated my life for the last couple of years. I am happy and content that, on all occasions going right back to the starting point, I have acted with the commitment to ensure value for money for the taxpayer, good quality service for the tenants and good opportunity for the workers. I have also always ensured that I have done everything with propriety and probity and that there has been nothing untoward. I can stand over that, and I do so this afternoon.

The Chairperson: As no other members have indicated that they wish to speak, I thank the Minister and Susan for spending this amount of time here and fielding a whole range of questions. We have covered a wide range of issues. As you know, the Committee has agreed to initiate an inquiry subject to agreement on the terms of reference and all the relevant legalities. We will discuss that with you in due course. Obviously, this issue will run. To answer your question, Sammy, one way of re-establishing any lost public confidence, whatever that might be, is for the Committee to be seen to be doing its job effectively; that is where this has to be located. I just want to give everyone the assurance that I have made no judgement. We will deal exclusively with the evidence. As was suggested earlier, I hope that the terms of reference will allow our scope to be as wide as is necessary and give us as much access as possible to persons and papers. The more access we have, the closer we can get to the truth in all these matters. The evidence will speak for itself.

As I said at the outset of the meeting, members should be mindful of the language that they use with regard to allegations and accusations. The evidence will speak for itself in due course.

Again, I thank you, Minister and Susan, for attending.