



Northern Ireland  
Assembly

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

# OFFICIAL REPORT (Hansard)

Social Investment Fund: OFMDFM Officials

4 December 2013

# NORTHERN IRELAND ASSEMBLY

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**Members present for all or part of the proceedings:**

Mr Mike Nesbitt (Chairperson)  
Mr Chris Lyttle (Deputy Chairperson)  
Mr Alex Attwood  
Mr Leslie Cree  
Ms Megan Fearon  
Mr Alex Maskey  
Ms Bronwyn McGahan  
Mr George Robinson

**Witnesses:**

Mr Ricky Irwin	Office of the First Minister and deputy First Minister
Mr Joe Reynolds	Office of the First Minister and deputy First Minister

**The Chairperson:** From OFMDFM, we have Ricky Irwin and Joe Reynolds. Gentlemen, you are very welcome. We have been requesting an update for a considerable time. You are here, but we did not receive any briefing papers to allow us to put ourselves in the best position to engage with you. Why were there no papers?

**Mr Ricky Irwin (Office of the First Minister and deputy First Minister):** Chair, we can provide a fairly detailed opening statement on the social investment fund (SIF). The picture is a constantly changing one. We are in the middle of detailed discussions with all the steering groups, and, when those are complete, we will write to the Committee with their detailed outcome. We are, of course, happy to answer any questions that members have today about the fund and where it is now.

**The Chairperson:** I do not get this notion that, because it is a constantly changing picture, you cannot provide us with a briefing paper.

**Mr R Irwin:** As I said, Chair, we can try to answer as best we can any questions that members have. We have quite a lot of information with us, which can, we hope, address any concerns that members have.

**The Chairperson:** I still do not get why we did not receive a paper.

**Mr R Irwin:** I will take that back to the Department, but, unfortunately, I cannot give a direct answer to your question.

**The Chairperson:** You are telling us that you are in possession of a lot of detailed paperwork, which you are now willing to share with us. Committee members would feel better able to engage with you if they had had some time to mull over the information beforehand.

**Mr R Irwin:** I absolutely accept that. I apologise that there is no paper. I reiterate that we are happy to write to all members as soon as we have finished discussions with the steering groups.

**The Chairperson:** OK. When you say that you want to make a detailed presentation, how long are you talking about, Ricky?

**Mr R Irwin:** I have a statement that will probably last about two or three minutes. However, I have supplementary information that, depending on the questions, I am very happy to provide. If members have specific queries, we will try to address those as best we can.

**The Chairperson:** Are members content — not happy but content — to proceed?

*Members indicated assent.*

**The Chairperson:** OK, Ricky. We will take your presentation.

**Mr R Irwin:** Thank you for the opportunity to attend the Committee to provide a briefing on delivering the social investment fund, a central element of the Delivering Social Change agenda, with which members will be familiar. The allocation of £80 million divided evenly between capital and revenue demonstrates the Department's determination to work closely with local communities to identify innovative and creative projects that can tackle obdurate and systemic issues in the most disadvantaged communities here. Since the area plans were submitted in February 2013, officials have been working hard to achieve approval for the multiple business cases that have been developed to support the proposed projects.

Last month, we were able to advise steering groups of the progress made in the sometimes tedious but essential bureaucratic process. Viewed alongside the stated priorities of the steering groups, we have been able to focus on the issues that need to be addressed to allow projects to be seen to be delivering on the ground. The difficult, often unseen and generally unheralded paperwork necessary in the delivery of a programme of this scale and complexity has now progressed to a point at which Ministers are almost ready to announce the detail of projects that will be approved for funding. Working closely with the area steering groups and their identified lead partners for each project, we have developed robust project frameworks that will deliver significant opportunities to address long-standing issues of poverty, dereliction and poor services here. There are still a number of projects whose details need to be signed off before we can move forward with letters of offer and commitments to specific project funding. Nevertheless, I hope that you will accept that the programme has made very significant progress since the early part of this year. It is now very close to the point at which the public dimension starts to bear fruit.

This briefing focuses on the issues at programme level. I understand that members may want more detail about individual projects, but it may not be appropriate or helpful to discuss specific project detail while we are still at the pre-contract stage.

Before I finish, I will provide a brief synopsis of the progress since the fund was announced and a summary of the latest position. Members will be aware that the fund was announced by the Executive in March 2011. Progress to date has focused on seven core elements: developing the policy proposals and consulting on them fully; securing Executive agreement; securing the necessary approval for expenditure; developing the governance and accountability framework for the fund; putting in place the supporting infrastructure, including the partnerships and steering groups; commissioning and completing the area planning process earlier this year; and the process that we are in the middle of, which is appraising the area plans and the projects therein.

There has been significant progress since I was last here on 29 May 2013. A large number of projects have now concluded the internal appraisal process. Discussions are ongoing with the steering groups on the implementation and roll-out of the successful projects. Projects worth approximately £35 million have successfully come through the economic appraisal process. We are moving to the implementation phase of the programme, including the pre-contract checks on lead partners and the development of a procurement management strategy. We are developing letters of offer in parallel to

that. Following the conclusion of our discussions with the steering groups, we will report to Ministers on the projects that the zones wish to take forward.

I am happy to take any questions, and Joe will chip in at any stage.

**The Chairperson:** I appreciate that, Ricky. Is it correct that there are nine advisory panels in total?

**Mr R Irwin:** That is correct.

**The Chairperson:** Are they, effectively, the key bodies in the whole process?

**Mr R Irwin:** They are a fundamental structure, along with the Department, Ministers and other key stakeholders.

**The Chairperson:** Are they Province-wide, with four in Belfast, one in Derry/Londonderry and the remaining four —

**Mr R Irwin:** The remaining four are in health trust areas, which align with council clusters.

**The Chairperson:** What sort of person populates the advisory panels?

**Mr R Irwin:** There is a mix of representation. When the Executive agreed the fundamentals of the fund, they also agreed the geography and formation of the steering groups. Each comprises 14 members: four from the voluntary and community sector, four who were intended to be political, four who were intended to be statutory and two from business. Following Executive agreement, officials commissioned a call for applications from members of the voluntary and community sector. Applicants were asked to detail their level of experience, how that was relevant to the delivery of the fund, what their current role was if in an organisation and what they thought they could bring to the fund. All nominations were provided to Ministers in the middle of last year, and they made a decision on the representation. It was intended to be a fairly balanced mix of skills and experience as well as having a good geographical spread.

**The Chairperson:** That is the voluntary sector. What about the statutory sector representatives?

**Mr R Irwin:** The statutory sector has not been formally represented on the steering groups from the start, however, —

**The Chairperson:** Why not?

**Mr R Irwin:** The statutory representatives have been consulted from the beginning of the area planning process in October last year, when we as officials contacted all the relevant statutory bodies, including councils, Departments and organisations, and asked them to nominate a representative so that the steering groups and their supporting consultants could consult and engage with them during the five-month area planning process. We asked the steering groups to provide nominations of organisations and individuals whom they wished to fill the remaining positions on the steering groups, and we are in the process of bringing those people on board. All individuals and organisations have been written to and invited to come to steering group meetings.

**The Chairperson:** This is 10 months after your proposals were received in February this year.

**Mr R Irwin:** The business and statutory representatives have come on board later than the voluntary and community and political representatives.

**The Chairperson:** I wanted to ask you about the business representatives. What is the position with their appointment?

**Mr R Irwin:** It is similar to the position that I have just explained. We asked all steering groups to provide nominations for their business representatives. We have passed all those names to Ministers and are in the process of appointing. All those people have received a written invitation.

**The Chairperson:** What role can they perform given that all the proposals were received in February this year?

**Mr R Irwin:** They have already performed a role in that they have been consulted and engaged with as part of the area planning process, which started in October —

**The Chairperson:** The businesspeople?

**Mr R Irwin:** Some of them may have been, yes.

**The Chairperson:** They may have been?

**Mr R Irwin:** Yes, they may have been. I cannot give you a definitive answer on every single one. I do not have the list of names with me today, but they will still have an important role moving forward because —

**The Chairperson:** What is that role?

**Mr R Irwin:** The steering groups are still fundamental to the fund's delivery, and they will have a key governance and oversight role when the projects are being delivered. It will be important that they monitor the progress of projects being delivered and ensure that what is intended to happen is happening.

**The Chairperson:** What if a business appointed to an advisory panel looks at the proposals and says, "Those are OK, but I have a better idea."?

**Mr R Irwin:** A business or an individual?

**The Chairperson:** A businessman comes along and looks at the list of proposals that you have had since February 2013. He says that they are good but that he has a much better idea. The panel agrees with him. What happens then?

**Mr R Irwin:** Within the scope of the current phase of funding, there are still opportunities for such discussions across the steering groups. We are in detailed discussion with all the groups on individual projects. There may be scope: some zones will want to re-prioritise projects; and other projects that are not yet ready to proceed may be put forward later.

**The Chairperson:** Why would a group want to re-prioritise projects?

**Mr R Irwin:** We are in a different place from where we were when the fund was announced and, indeed, from the time of the area planning process. There will be a need to review the validity of projects to ensure that they are still deliverable.

**The Chairperson:** What do you mean by, "a different place"?

**Mr R Irwin:** I mean purely in timing terms.

**The Chairperson:** How does that impact? The money is still there.

**Mr R Irwin:** This is where the steering groups are crucial to the whole process. Some projects are in collaboration with other funders, who have made commitments to them. It is important that we keep that under review and keep the discussion alive so that any other funding is not lost.

**Mr Joe Reynolds (Office of the First Minister and deputy First Minister):** Chair, may I add something? I have been participating in the meetings with steering groups over the past 10 days or so. We are looking at the 10 projects prioritised in each of the nine area plans and considering them against our progress internally on getting approval for business cases and what we think will be the spend in each area.  
The initial proposals had a total value well in excess of the £80 million SIF budget. In conjunction with the steering groups, and taking account of their views on the priorities that they put forward and the

success that individual projects have had in getting through the appraisal process, we are now trying to identify a plan that provides them with the best opportunity to make the best use of the money available.

**The Chairperson:** Ricky used the word re-evaluate and linked it to the availability of other funding streams. The obvious implication is that they are closing down.

**Mr Reynolds:** I am not sure that that is the case. In fact, for some proposals that came forward, even eight or 10 months ago, as part of an area plan, project sponsors have found alternative funding from other sources. Therefore, there would be no need for their application to SIF to go ahead or continue to be considered.

**The Chairperson:** How much money is involved in the categories that you have just outlined?

**Mr Reynolds:** I do not know the breakdown. We had —

**The Chairperson:** Ballpark.

**Mr Reynolds:** Initially, we had £130 million worth of applications in the area plans. With only £80 million available, we had to find a way in which we could allow the steering groups to prioritise what they thought would be the best use of the resources in their area.

**The Chairperson:** I am still interested in the other funders: who is dropping off, who is coming on stream and what variants are there in available moneys from other streams?

**Mr Reynolds:** I am not sure that I suggested that other funding was becoming available to projects.

**The Chairperson:** It was Ricky who made the comment.

**Mr R Irwin:** Maybe I can clarify what I said: there are joint projects with councils and other Departments, so it is important that we try to progress those.

**The Chairperson:** OK. Let me be clear. You got these proposals in February this year. Are any still sitting with you as proposals that will not progress simply because other funders are no longer committed?

**Mr R Irwin:** At this stage, I cannot give a definitive answer, Chair, but my initial reaction is that there are not. As Joe explained, it is not possible for every single project submitted by the steering groups to go forward, purely because there is £80 million in funding and £130 million in applications.

**The Chairperson:** Before I come to that —

**Mr Reynolds:** Sorry, Chair, let me just say, for completeness, that, in fact, the opposite might be true. Given the scale of the issues that we are attempting to tackle through the social investment fund, we have attempted to extend the appraisal process for projects as far as possible. With other funding streams, businesses come forward and their proposals are appraised. Generally speaking, if they are unsuccessful after the initial appraisal, that is the end of the process. Through the social investment fund, we have tried to offer projects the opportunity to improve what they proposed to us in an individual business case. We have had three — I think that, in some cases, maybe four — iterations of a project proposal to allow us to try to deliver on it.

**The Chairperson:** That sounds unusual, Joe. Let me put it another way: after three or four goes, at what point do you say that it is not going to work?

**Mr Reynolds:** That is a very good question, which we are considering internally. There have been three or four iterations of a business case for some projects. We have pushed, as far as it is possible to push, our internal consideration of the optimism bias in the projects being proposed. We have discussed with colleagues on the finance side the level of risk that it is appropriate to take in delivering on projects. Against all those criteria, we still have not managed to get some proposals to a level of approval that would allow us to present them to the Ministers for funding.

**The Chairperson:** Give me a sense of this, Joe. In those cases, after considering a proposal from an advisory panel, you go back to the panel and explain why you cannot support it. You say, for example, "Reconsider or reshape a, b c and d, come back to us and Bob's your uncle, you're in". Is that right?

**Mr Reynolds:** I do not know about Bob, but I agree with all the rest.

**The Chairperson:** The panel comes back, but its proposal still fails, so you send it back a second time. The third time —

**Mr Reynolds:** In some cases, that is right.

**The Chairperson:** — you say no again, so they go away and come back a fourth time.

**Mr Reynolds:** Absolutely right.

**The Chairperson:** What is wrong with the advice that you give them, or why do they not take it? Surely, Bob should be your uncle the second time.

**Mr Reynolds:** We are trying to tackle some of the most difficult, long-standing and very durable problems. These are projects that contain ideas and proposals that came forward after the community consultation process, which Ricky outlined to you, from area-based steering groups, which should know what is appropriate to and what will work in their community. In the past, these projects have not been able to secure funding from any of the range of alternative sources available. We have tried to open a channel of funding to help them to get to the point at which they are deliverable.

**The Chairperson:** Indeed, and part of the help was appointing consultants.

**Mr Reynolds:** Indeed.

**The Chairperson:** Yet, even with consultants being well paid by the taxpayer to advise the panels, you have three or four iterations of proposals.

**Mr R Irwin:** I will try to provide information that will possibly address that. Some of the projects are very complex. The process relies on consultants receiving information from third parties, who may be the project promoters who originally brought forward the projects in consultation with other promoters. So the Department does not go directly to these people for information; it goes through the appointed consultants. That is based on the detailed economic appraisal process outlined in the green book. When an issue is raised with, for example, affordability, options, risk, or deliverability, we have an agreed process in place. We go back through the consultants, and they try to satisfy that query to our economists' satisfaction. Sometimes, unfortunately, that just does not happen the first or second time, and it takes a couple of iterations to get to the point at which value for money can be proven.

**The Chairperson:** I understand a couple, but you are talking about four, not two.

**Mr R Irwin:** To be fair, four is the exception. Most of the £35 million worth of projects, equating to about 24 projects, probably had two or three iterations before they were signed off internally. A very small number may have gone to four.

**The Chairperson:** A consultant fails the first time and is told how to fix the problem. He fails a second time, but again says that he has been told how to fix it. This happens for the third time. Ricky, if I employed a consultant like that, I would not continue with that process.

**Mr Reynolds:** I think it fair to say that the consultants are not paid for each iteration; they are paid a single fee when they have completed the process and delivered a business case that satisfies the requirements.

**The Chairperson:** I am making a general point, Joe.

Ricky, on a number of occasions, you used the phrase "intended to" when referring to the composition of the advisory panels. The Executive signed off on a plan. You say that it has not worked out in the

way that it was outlined when the Executive signed off on it. Are the Executive aware of that? Have they reviewed this situation in which what they intended to happen has not happened?

**Mr R Irwin:** I do not necessarily agree with that analysis, Chair. We are finalising the composition of all the steering groups, which is what the Executive intended.

**The Chairperson:** In March 2011, did they intend that not to happen until 2014?

**Mr R Irwin:** After the Executive agreed a paper in May 2012, we began the process of appointing the voluntary and community members and writing to political parties. The initial core of the steering groups did not meet until towards the end of 2012. We are finalising the remaining members. During the area planning process, councils were asked to provide a representative. The northern zone, for example, comprises 10 council clusters, and we asked them to come together and provide a representative to work alongside the political and voluntary community members during the area planning process.

**The Chairperson:** When do you think the panels will be complete?

**Mr R Irwin:** Joe might know better than I do, but I would say that it is very soon.

**Mr Reynolds:** In some instances, we have asked steering groups to suggest who they would like to represent the business community, but we have not always had nominations from them. It will be whenever that process is complete.

**The Chairperson:** When do you think? Have you a date in mind? A month? A year?

**Mr Reynolds:** I would not like to put a date on it; it is a process that we are working through. We have to rely on people responding to the correspondence as it issues.

**The Chairperson:** February will be the anniversary of your receipt of the proposals, and you cannot even say that, a year on, you will have the panels completely populated.

**Mr Reynolds:** We hope that they will be.

**The Chairperson:** You cannot tell me that they will be, a year on from the proposals being received.

**Mr Reynolds:** I cannot tell you that, no.

**Mr Lyttle:** Thanks for your update, gentlemen. I declare an interest as a member of the Belfast East steering group. Following on from the issue of the appointment, what point is there in appointing business representatives at this stage of the process, given that the area plans have been devised and the project proposals submitted?

**Mr Reynolds:** You will know that I have been visiting each of the steering groups, and, as part of the process, we hope to home in on the projects that, we believe, we are now moving to a deliverable phase. We have talked about that over the past week or so. When we are into the deliverability exercise, it will be important that the members of the steering group, including representatives who may not yet be in place, such as those from the business community and the statutory agencies, will be in a position to advise the lead partners who will take the contractual responsibility for delivering the project. So that range of experience and expertise, which we would like to have had on board before now, will nevertheless still be brought to bear when it comes to the delivery of the projects.

**Mr Lyttle:** Are business representatives the ideal people to deliver community and voluntary sector projects rather than feeding into the design and idea stage?

**Mr R Irwin:** It is not so much about delivery. They have an oversight role in monitoring delivery, but actual delivery will be through lead partners, and other service providers will be procured by those lead partners.



**Mr Lyttle:** You talked a bit about the steering group area-planning stage. Against what benchmark was the three- or four-month maximum deemed adequate for the steering groups to consult the community, establish need and put forward proposals?

**Mr R Irwin:** There was no benchmark per se. It was five months; it ran from October to the end of February. Originally, it was four months, and, during that process, around December of last year, Ministers responded to feedback from the steering groups to say that more time was needed. Also at that time, the timescale for delivery of the fund, which had been set at March 2015, was extended to March 2016. Ministers felt that it was necessary to give the steering groups another month to revise the plans, if necessary, at that point. So it resulted in a five-month area-planning process.

**Mr Lyttle:** I am not sure of the exact word for it, but do you think that it is fair, right, proper or good practice to require the steering groups, prior to final decision-making on some of the projects' viability, to make decisions about what projects they put forward against the allocation of funding that they have now been given?

**Mr R Irwin:** That was the intention of the steering groups; they were to act as conduits for the entire zones, not as representatives of their individual organisations. That was what was agreed through the Executive in May of last year. That was the original intention.

**Mr Lyttle:** On behalf of the zone, do you think that it is a good idea for there to be a possibility of some projects being, at some point, potentially deemed unviable but the steering groups not being made aware of that before deciding what projects they put forward for the funding that they have been given?

**Mr Reynolds:** When would you test the viability of it, Chris?

**Mr Lyttle:** Let me ask that differently. Will projects be discounted, and, if so, at what point?

**Mr Reynolds:** We are not discounting projects — quite the opposite. What we are trying to do is get an approved economic appraisal for any of the business cases that are submitted to us, and then, in the order of prioritisation that has been established by the steering groups, deliver the funding to those projects and get them out there.

**Mr Lyttle:** So you are not going to rule any projects out?

**Mr Reynolds:** We will rule projects out, as the Chair has indicated, if it gets to the point where they simply fail the process, although we have not reached that point with any of the projects yet. We have tried to give them as much support and assistance as possible so that that does not happen; however, we have not reached that stage in any project yet.

**Mr Lyttle:** OK. Finally, is it possible to be any clearer about the criteria that were used for the allocation of the funding between the zones?

**Mr R Irwin:** We understand that Ministers took into account a range of factors, including the scale of need and the identification of need against the criteria for the fund that was agreed by the Executive in May of last year: around the top 10% most deprived super output areas, the top 20% most deprived on the domains of income, employment, health and education and other areas that come forward with independently verifiable evidence. That would have been taken into account along with other interventions in public spending, for example, on Delivering Social Change and the signature programmes, some of which have been delivered across the social investment zones, such as family support hubs, social enterprise hubs and the nurture units.

**The Chairperson:** You have not ruled any of the proposals out, even though you are telling us that you have had £130 million worth of proposals but a budget of only £80 million. Would it not make sense to say that we are oversubscribed and we are going to knock out the worst?

**Mr Reynolds:** Our ongoing discussions with the steering groups — I have one scheduled for tomorrow and another for Friday — are a process whereby we seek to confirm with the steering groups on the basis of both their prioritisation and the progress that we have been able to make, and in some cases not make, with getting economic appraisals approved in respect of the business cases

for each project. If a project has had three or four iterations and yet has not managed to satisfy that, the steering group may advise us that it would prefer to see a project of a lower priority make progress and be delivered in a situation where, as is the case in some of the area plans, we have an approved business case for those lower-priority projects. However, it would be wrong for us to commit resources or spend money, or indeed set aside money, in the budget that is available for those higher-priority projects that have not yet gone satisfactorily through the process and to deny those lower-priority projects. That is why we are having the meetings with the steering groups.

**The Chairperson:** But some projects are ready to go.

**Mr Reynolds:** Yes.

**The Chairperson:** But they are not being given a green light because you want to do the entire process.

**Mr Reynolds:** That is because, according to the steering group in that specific area, they are a lower priority than other projects that it prioritised and we are not yet in a position to make a judgement on them.

**Ms McGahan:** Ricky, you said that every geographical area must have a fair crack of the whip, especially if they are in the top 10, how do you ensure that that happens? I represent Dungannon, and I know that in the southern zone, for example, a project in the top 10 has been turned down two or three times, and it could be turned down again. How are its needs represented if, despite being in the top 10, it, and possibly a whole swathe of other areas, does not get funding?

**Mr R Irwin:** There are a couple of mechanisms, the first being representation on the steering groups. Groups were not brought on board to represent their own organisations; they were intended to represent the wider geographical needs of a zone. When consultants were appointed to support the steering groups during the area-planning process, they carried out engagement sessions across all the zones to identify and evidence needs and to prioritise projects that the steering groups could then make a decision on. The decisions on the priority of the projects and the areas included have come back to that steering group for ratification and presentation to the Department. The steering groups have made the decisions on the projects coming forward.

**Mr Cree:** Gentlemen, you talk about the projects. Is it correct that £40 million of projects have been approved and have therefore been through the robust internal economic appraisal process?

**Mr Reynolds:** Have they been entirely through the process? Yes.

**Mr Cree:** Out of the £40 million of projects, is there an indicative budget for them in the various zones?

**Mr R Irwin:** For those projects? The projects were submitted with a cost.

**Mr Cree:** Therefore, we have some idea of what is likely to happen.

**Mr R Irwin:** Yes.

**Mr Cree:** A few weeks ago, the First Minister told us that this could be resolved within the next few weeks. Can you give us a timeline for when we will see money on the ground?

**Mr R Irwin:** I can say what we have said previously: we are still finalising the projects that the steering groups want to bring forward.

**Mr Cree:** In this particular case, I am talking about the ones that have been approved.

**Mr R Irwin:** That is happening now. We are also working on draft letters of offer with the prospective lead partners. We are also looking at the pre-contract checks that need to be carried out on those lead partners. That is all happening now.

We will then move into a process of procurement, and, depending on the size and scale of the project, there are set timescales that we must follow, some of which may have to go to the 'European Journal'. We would like to think that some funding will hit the ground in this financial year.

**Mr Cree:** Do you see all the money being spent before the end of the current mandate? It has been a moveable feast.

**Mr R Irwin:** No. Ministers have already extended the time frame of the fund to March 2016 and clearly stated that £80 million remains ring-fenced for the delivery of area plans.

**Mr Cree:** Are you saying that it will be spent by the end of the mandate?

**Mr Reynolds:** Some of the proposed revenue projects have a timescale that goes beyond that. If we have an economic appraisal that is approved for a project going beyond that date, it will run for the period for which the approval is in place at whatever cost. That makes reasonable economic sense to us. Once we have made a commitment to start a project, we like to see it completed. It would be inappropriate for us to cut that short.

**Mr Cree:** OK. How much will be spent by March 2016?

**Mr Reynolds:** We will not know that until we have confirmed the projects that will go ahead.

**Mr Cree:** When will that be, Joe?

**Mr Reynolds:** We are talking to the steering groups about the projects in their area plans that we expect to see funded, expect to come through the appraisal process and expect to be deliverable with the resources available. That means that it is likely that significantly fewer than the 89 projects that were originally submitted to us can be funded. When we are clear about which ones they are and want to take the steering group's view on which of those should proceed, we will be in a position to profile that out.

I hope to do that over the coming weeks. I have asked the steering groups to come back to me as soon as possible. I had hoped that it would be completed before now. As I said, two of the steering groups have asked to reconvene later this week, so we are not in a position to complete that list.

**Mr Cree:** So the First Minister was correct when he said that that could happen within a matter of weeks. You are still hopeful that that can be achieved.

**Mr Reynolds:** Yes, that is right.

**The Chairperson:** What is "a matter of weeks"? "Weeks" could be any number of weeks from two weeks to infinity.

**Mr Reynolds:** It means as soon as the steering groups come back to me and confirm their decisions. In some cases, they are meeting as we speak; others are meeting tomorrow and Friday. In the course of those meetings, they could agree on the projects in the area plan that they wish to see progress, as I said, on the basis of the resources available, the prioritisation and the success that those individuals projects have had in coming through that appraisal process.

If they decide that, after three or four iterations, it is not going to go any further and is unlikely to be successful within a manageable time frame and that they wish to see the prioritisation move to another project, we will take that back to Ministers. On the basis of their recommendations, we will ask them to confirm the final list of projects that fit into the £80 million budget on which they wish to make progress. I would like to have been able to do that this week. It may be next week before we can do it, and I hope that it is no longer than that.

**The Chairperson:** You have made it clear, as have the Ministers, that the £80 million is ring-fenced. However, since the fund was created, £16.2 million of resource and £25 million of capital have been handed back.

**Mr Reynolds:** That money has been reprofiled into different years, but the £80 million aggregate budget has been retained for delivery in the social investment fund.

**The Chairperson:** It has been reprofiled: it has never been moved out of the social investment fund.

**Mr R Irwin:** There remains £80 million for the delivery of area plans under SIF.

**Mr Cree:** Can you be accurate about that? Are you talking about £80 million, less the £400,000 consultancy fees?

**Mr Reynolds:** That is part of the programme costs; it is part of the £80 million.

**Mr Cree:** Is £400,000 still the best estimate available?

**Mr R Irwin:** It is on spend to date.

**The Chairperson:** The £80 million is still intact.

**Mr Reynolds:** Less the £400,000 that has already been paid out.

**The Chairperson:** Did the Finance Minister not tell the House in his autumn statement that money —

**Mr Reynolds:** He explained that the money had been reprofiled. He said that money that was set aside to be spent in the current financial year on projects through the SIF programme was unlikely to be delivered in the current financial year and that resource would be moved to use on other projects. The total available for the social investment fund — this is a clear commitment from Ministers — remains ring-fenced at £80 million.

**Mr R Irwin:** The social investment fund is part of the wider Delivering Social Change fund.

**The Chairperson:** Yes, and I thought that the Minister said that some £2.5 million had been taken out of SIF for other Delivering Social Change projects.

**Mr R Irwin:** The Minister may have said that. As Joe has explained, £80 million remains ring-fenced for the delivery of area plans. Ministers have been very clear about that.

**The Chairperson:** I will see if I can get the speech up.

**Mr Attwood:** Thank you for the information that you have provided. Going back to something that Mr Cree mentioned, Ministers have decided on the allocation to each zone.

**Mr Reynolds:** That is correct.

**Mr Attwood:** Is that information public?

**Mr Reynolds:** It has been discussed with the steering groups.

**Mr Attwood:** Has it been shared with the Committee?

**Mr Reynolds:** I am not aware that it has yet been shared with the Committee.

**Mr Attwood:** Going back to the point that the Chair raised at the beginning, here we are talking in a vacuum with no papers, the Ministers have decided what the allocations are to each zone, you are discussing the allocations with each zone, and the Committee does not know what those allocations are.

**Mr R Irwin:** We can take that back. As I said at the start —

**Mr Attwood:** Before you take it back, could you explain how it is that you are talking properly to these zones about their allocations, yet you did not even think, in your two or three minutes of opening remarks or in reply to any of the questions, that we were entitled to know that information?

**Mr R Irwin:** As I said, we can take that back and commit to providing as full and accurate information as we can.

**Mr Attwood:** Why did you not walk in here and say, "Here is the information."? Why, after nearly an hour of questioning, do we hear from you that this information is available to others but not to us?

**Mr R Irwin:** I am happy to run through the allocations now if that helps.

**Mr Attwood:** Why did you not come in here and tell us? Why did you not even provide that minimum piece of information before the meeting began? What is the problem with telling us what the nine zones have got?

**Mr R Irwin:** As I said, I can take that back and hopefully provide a full and accurate response as quickly as possible.

**Mr Attwood:** In reply to an earlier question, you said, and I will stand corrected by the Hansard report, that you understood that Ministers took into account a series of criteria. You then outlined those criteria. Can you confirm what criteria were taken into account by Ministers in the allocations to the various zones as opposed to your understanding of what was taken into account?

**Mr R Irwin:** As officials, we can try to explain the decision, but the rationale for the decision is a question for Ministers.

**Mr Attwood:** So you are here today and you have not provided any papers, you cannot explain why you have not given us the information on each zonal allocation, and you are leaving it to Ministers to explain each zonal allocation.

**Mr R Irwin:** I outlined a number of factors earlier. I am happy to run through those again.

**Mr Attwood:** Do you have a view on whether those were the only criteria used by Ministers when they made their judgements on each allocation?

**Mr R Irwin:** Sorry. Could you repeat the question?

**Mr Attwood:** Do you have a view on whether, when the Ministers made their decisions on the allocations for each zone, the only criteria that were deployed were those that you outlined earlier? Do you think that other criteria may have been deployed?

**Mr R Irwin:** I can outline the range of factors that we understand were taken into account, but that is as far as I can go.

**Mr Attwood:** Do you think other factors were taken into account?

**Mr R Irwin:** I do not think so. No.

**Mr Attwood:** You are saying to us that you think the only factors that were taken into account were those that you outlined earlier.

**Mr R Irwin:** That is my understanding.

**Mr Attwood:** Do you think that those criteria fulfil any proper understanding of what objective need looks like?

**Mr R Irwin:** My understanding is that areas had to come forward and identify their priorities under the criteria for the fund that were agreed by the Executive. They also had to identify the evidence for those priorities and bring forward proposals to meet those priorities. The agreed term was "evidenced

objective need" and there were three elements to the criteria, which I outlined earlier and which were agreed by the Executive. That formed the basis of objective need.

**Mr Attwood:** Based on your experience with this work, do you think that that is a proper basis for determining objective need?

**Mr R Irwin:** I have been involved with the social investment fund nearly from the start, and I think that the criteria encapsulate what is evidence of objective need.

**Mr Attwood:** But you are not certain whether the Ministers took any other criteria into account when they made their decisions.

**Mr R Irwin:** The range of factors that I outlined came into play.

**Mr Attwood:** As far as you are aware, when Ministers made their judgements, were they made with reference to the project plans that were submitted by each zone?

**Mr R Irwin:** Ministers had access to the projects and the area plans. They were provided after the steering groups submitted them.

**Mr Attwood:** Are you satisfied that they were made with full reference to and having taken full account of what was in the project plans that were submitted by each zone?

**Mr R Irwin:** I am satisfied that all the information we had was provided to Ministers.

**Mr Attwood:** Are you saying that you are not aware of whether decisions were made with reference by Ministers to the project plans that were submitted by the zones?

**Mr R Irwin:** I am saying that all the information and evidence that was presented to officials was presented to Ministers.

**Mr Attwood:** We are 33 months into this project. According to Mr Reynolds, some of the money may not be spent by 2016. Is that right? We face a situation with a project that lasts over five years, with an initial budget line of £80 million, in which we could end up with money unspent at the end of the 2015-16 financial year. I will come back to that point in a minute. Where are the gateway reviews that were meant to be commissioned in May 2013 and November 2013?

**Mr R Irwin:** To date, there have been two gateway reviews. A further gateway review is currently being organised.

**Mr Attwood:** Are the contents of those gateway reviews available?

**Mr R Irwin:** I need to check the protocol on that. I am not sure.

**Mr Attwood:** My experience was that, when gateway reviews were done by the right people, they were a very important tool to guide Ministers. As they were done in the form of a snapshot, with a very quick turnaround in their process and conclusions, I found them mightily helpful in red lining, as well as in acknowledging good governance. It would be useful to know what is in those gateway reviews.

**Mr R Irwin:** I absolutely agree with you about the value of the gateway reviews. I have been involved in all of them. They are invaluable in providing the SRO, Denis McMahon, with assurance that the project is moving in the right direction. A further gateway review is being organised now.

**Mr Attwood:** Earlier, Mr Reynolds said that no individual project had yet been killed off. Are some of the 89 projects not being taken forward, even by way of economic appraisal?

**Mr R Irwin:** At this stage, yes.

**Mr Reynolds:** On the basis of the indicative financial allocations to each of the zones, the discussions that we are having with the steering groups indicate that each of the projects that they proposed to us

on the prioritised list have been considered in that prioritised order. Some of them managed to make more rapid progress than others through that appraisal process. In some of the zones, it will be the case that we have advanced six, seven or eight of the projects, but it might also be the case that the ninth and tenth priority projects in those zones have not yet begun their course along that process. In some of the other zones, all 10 projects will have entered the process. Indeed, I know that it is certainly the case that, in at least one zone, the tenth project has gone all the way through and has a full approval associated with it, even in a situation in which some of the higher priority projects in that zone have not yet received that.

**Mr Attwood:** I appreciate that. How many of the 89 projects are not being taken forward by way of economic appraisal for whatever reason?

**Mr R Irwin:** I do not have those figures to hand. I can certainly come back to you on that.

**Mr Attwood:** The confirmed numbers are significant numbers.

**Mr Reynolds:** It is probably in double figures, but not very far into double figures.

**Mr R Irwin:** For confirmation, an economic appraisal was completed for every project.

**Mr Attwood:** I admire the evangelical approach to the SIF, especially by Mr Reynolds, who seems to be more enthusiastic than you. However, given that, at the end of five and a half years, it is possible that a budget line of £80 million will not be spent after all those economic appraisals, the retesting of projects, and so on and so forth, has there been any consideration at a ministerial level that this was the wrong place to put this project in the first place? There were structures and architecture to deal with this in a much more active and responsible way, rather than OFMDFM trying to get a bit of glory?

**Mr Reynolds:** As far as the time frame is concerned, when we started off 33 months ago, there was no policy in place, no governance structure in place, no ideas in place, no —

**Mr Attwood:** Those were all over in neighbourhood renewal in DSD.

**Mr Reynolds:** They may well have been, but they were not in place for the social investment fund. All that infrastructure had to be put in place. That brought us to a situation in which, in the early part of this year, 89 different projects were put forward. As Mr Cree indicated, within the past eight months, we have managed to achieve approvals for in region of £40 million worth of projects for which there is a full business case and full approval. That is a substantial volume of work in what, in most public sector spending terms, would be considered a reasonably efficient period. The fact that some of the projects with approval have a delivery time that runs to more than the two and a half years or whatever that takes us to March 2016, does not seem to me to be necessarily a basis for criticism. If the project, in its full value and its appraisal, tells us that that is where its value is to be gained, it is appropriate that it should run over that period.

**Mr Attwood:** Thanks for proving the evangelical point. I do not think that most people would reach that conclusion 33 months into a project, when money was spent on consultancy perhaps within weeks and when, according to Mr Irwin, some money might be spent by March or April 2014. Whatever the value of some of those projects — in my constituency there are projects of value — I do not think that people will conclude that there was any need to recreate the wheel in the way that it was when there was an alternative mechanism established and beginning to prove its worth, as neighbourhood renewal objective assessments have demonstrated. I think that your evidence confirms that. Your failure to provide written evidence to this Committee hearing vindicates that assessment.

**Mr R Irwin:** When the fund was agreed by the Executive in March 2011, it was recognised that it was cross-cutting and would involve working with several different Departments. Of course, there are very clear linkages with neighbourhood renewal. In fact, we work very closely with DSD colleagues on regeneration and investment projects. We also work very closely with DARD on some rural projects that would not be within the scope of neighbourhood renewal. There are other isolated pockets of deprivation that perhaps would not have been picked up in any existing DSD projects. In that respect, the SIF goes beyond neighbourhood renewal.

**Mr Attwood:** Thank you.

**Mr G Robinson:** I think that the two officials have been more than honest and upright. They have come under quite a lot of scrutiny. That is what the Committee is here for but, at some stages, I think that one or two members have gone completely over the top. That is my honest assessment, speaking on behalf of Mr Attwood.

**Mr Attwood:** Thank you.

**The Chairperson:** Noted, George.

**Mr G Robinson:** Do you have a flavour or a rough idea of any of the projects that are near completion?

**Mr R Irwin:** There is certainly a broad diversity of projects. We have a number of new capital builds on the table, along with several refurbishments of existing community facilities. On revenue, broadly, we are looking at a number of employability programmes. There are also early intervention programmes and other social enterprises. Those are the types of projects that have been put forward by area steering groups.

**Mr G Robinson:** Fine. Thank you very much.

**The Chairperson:** Gentlemen, I want to be clear about what I mentioned earlier in respect of the Finance Minister. On 21 October 2013, he reported to the House on the October monitoring round. I will quote from Hansard. At 12.15 pm, the Finance Minister said:

*"There were a number of resource DEL transfers under the Delivering Social Change banner processed in the October monitoring round and those included £2 million to the Department of Education; £0.8 million to the Department for Employment and Learning; £0.33 million to the Office of the First Minister and deputy First Minister (OFMDFM); and £0.04 million to the Department of Health, Social Services and Public Safety (DHSSPS) ... that funding is accessed from the social investment fund". — [Official Report, Vol 88, No 7, p3, col 2].*

You will agree that £2.8 million plus £0.33 million plus £0.04 is £3.17 million.

**Mr Reynolds:** I have not done that calculation but I am happy to trust your mathematics.

**The Chairperson:** Therefore, as that has been allocated by the Minister, there is not £80 million; there is £76.83 million left in the social investment fund pot.

**Mr R Irwin:** Chair, I can confirm again that Ministers have said that £80 million remains ring-fenced for delivery of —

**The Chairperson:** But that Minister told the House that he has spent £3.17 million.

**Mr Reynolds:** In the current financial year, so there may well be an element of reprofiling. I am sorry; I am not totally familiar with the exact wording that the Minister used, and we are not here to speak on behalf of the Finance Minister, but the reality is that Ministers from the Office of the First Minister and deputy First Minister have made it clear that the £80 million total remains ring-fenced for the delivery of the social investment fund.

**The Chairperson:** Two million pounds has been given to the Department of Education from the social investment fund. What has that been allocated for?

**Mr Reynolds:** It is not part of the delivery of the social investment fund.

**The Chairperson:** The Minister told the House that that funding was accessed from the social investment fund.

**Mr Reynolds:** We are not informed about that.

**The Chairperson:** You are not informed about that?



**Mr Reynolds:** We can only presume that moneys profiled for delivery in the social investment fund in the current financial year will not be expended in that way. Therefore, they have to be reprofiled.

**Mr R Irwin:** I suspect that that relates to one of the signature programmes under Delivering Social Change for the additional 230 teachers over the next two or three years.

**The Chairperson:** Which, we were told, has a separate £26 million budget. Now you are telling me that it is actually being funded out of the £80 million social investment fund. I feel misled, Ricky.

**Mr R Irwin:** No, we are not saying that.

**The Chairperson:** What are you saying?

**Mr R Irwin:** I am saying that £80 million remains ring-fenced for delivery of area plans under the social investment fund.

**The Chairperson:** So, in the meantime, somebody has borrowed £2 million for the signature projects, and it will be replaced.

**Mr R Irwin:** I cannot answer that.

**The Chairperson:** Answer me something.

**Mr R Irwin:** I can confirm that £80 million remains ring-fenced for area plans.

**The Chairperson:** And the £0.8 million to the Department for Employment and Learning?

**Mr Reynolds:** It is not part of the delivery of the social investment fund. The social investment fund has £80 million, and it remains a budget that is ring-fenced at £80 million.

**The Chairperson:** So why is the Minister saying that that funding is accessed from the social investment fund?

**Mr R Irwin:** The only possible answer I can think of is that that is in relation to the Delivering Social Change fund, and those allocations are in relation to the signature projects, which were announced in October of last year.

**The Chairperson:** It seems like this is news to you. That is a statement by the Finance Minister about the social investment fund to the House several weeks ago.

**Mr Reynolds:** It is a statement is about expenditure of other funds, which are not social investment funds. If he has managed to reprofile funding from the social investment fund to provide for that, it is not a matter that we are particularly responsible for in the delivery of the social investment fund —

**The Chairperson:** Really?

**Mr Reynolds:** — so long as we are satisfied that the total resources available to the fund have not changed, and they have not.

**The Chairperson:** Did you not say, right at the beginning of your presentation, that the social investment fund was the most important programme in Delivering Social Change?

**Mr R Irwin:** We said that it is a part of the wider Delivering Social Change agenda.

**The Chairperson:** This was a statement about Delivering Social Change and the funding, and you are unaware of it?

**Mr Reynolds:** I am not unaware of it, but I am satisfied that the social investment fund has £80 million.

**The Chairperson:** And I am not satisfied that I understand why the Minister is saying £3·17 million has been reprofiled for what appears to be the signature projects.

**Mr G Robinson:** Chair, surely that is a question for the Finance Minister.

**The Chairperson:** These are the officials who are operating the most important single project within Delivering Social Change, George. I see it as a valid question.

**Mr G Robinson:** My opinion is that you should put that question to the Finance Minister.

**The Chairperson:** Noted.

**Mr R Irwin:** We are working on the basis of the £80 million that is available for the social investment fund.

**Mr Attwood:** My understanding is that what the officials are saying is right: the Minister may have dipped into the social investment allocation this year to fund something else, but it is going to be —

**The Chairperson:** Replenished.

**Mr Attwood:** — replenished in subsequent years. I think that the £80 million is ring-fenced, even though it seems that it is being spent on a rolling basis.

**The Chairperson:** To be spent some time between now and the apocalypse.

**Mr Attwood:** And after.

**Mr Cree:** Our job is to try to get behind the figures. There is nothing personal in any of this, and I am sure that you understand that. However, you can perhaps see and have some idea of the difficulty that we are having. On that issue, I have been checking up, and the actual Delivering Social Change fund is £118 million. Is that correct?

**Mr R Irwin:** That is the Delivering Social Change fund.

**Mr Cree:** Is that the right figure?

**Mr R Irwin:** I suspect that that would be made up of £80 million for the social investment fund, plus £26 million for the signature projects, plus an element for childcare.

**Mr Cree:** That leaves another £12 million. Perhaps you could confirm that for us.

**Mr R Irwin:** We can take that away and come back with confirmation, but that is my understanding as I sit here.

**Mr Cree:** It is important for us to get that baseline right, so that we can see exactly where we are. However, that looks like part of it, and all that money cannot, in fact, be spent before March 2016. There is a reference to a sum of money being carried forward. The total — according to what we were advised — was £92 million only, to be available during the current spending review. I appreciate that that was a couple of months ago and that things can change quite rapidly. Perhaps you could confirm that for us.

**Mr R Irwin:** We will take that away and get back to you.

**The Chairperson:** Are we all done?

**Mr Attwood:** Just one thing, at the risk of upsetting Mr Robinson further. I would not want to upset Mr Robinson at any time, but that might not apply to the officials. The question is this: did you give any recommendations to Ministers as to what the allocations should be for each zone, based on the criteria outlined earlier and consistent with them?

**Mr R Irwin:** I provided options to Ministers earlier this year.

**Mr Attwood:** Did any of the decisions that came back adopt any one of the options?

**Mr R Irwin:** The decision made by Ministers has, as I said, taken in a range of factors.

**Mr Attwood:** I appreciate that, but, in the decisions made about the zones, was any particular option adopted by Ministers?

**Mr R Irwin:** I would need to take that away and come back to you with a complete answer.

**Mr Attwood:** I am a bit surprised by that answer because, earlier this year, you gave options and you know what the allocations are. Have you not tried to reconcile your options with the allocations?

**Mr R Irwin:** At this stage, the focus of the work has been on discussions with the steering groups around those indicative allocations and the projects and the priority given to those projects in trying to move to implementation.

**Mr Attwood:** Would you like to come back to the Committee with an answer on whether you can reconcile the allocations with the options that you gave, informed by the criteria that you outlined earlier?

**Mr R Irwin:** That is fine.

**The Chairperson:** Ricky and Joe, thank you very much for your time. I hope that you do not feel that we went beyond being robust.

**Mr R Irwin:** Not at all.

**The Chairperson:** Thank you very much.