



Northern Ireland
Assembly

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

OFFICIAL REPORT (Hansard)

Northern Ireland Strategic European Partnership
Panel Outline Proposal: Northern Ireland Local
Government Association

9 April 2014

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

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

Witnesses:

Dr Ken Bishop	Northern Ireland Local Government Association
Alderman Arnold Hatch	Northern Ireland Local Government Association
Mr Derek McCallan	Northern Ireland Local Government Association

The Deputy Chairperson: We are delighted to welcome to the Committee Alderman Arnold Hatch, the president of the Northern Ireland Local Government Association (NILGA); Mr Derek McCallan, the chief executive of NILGA; and Dr Ken Bishop, the head of programmes, investment and partnership in NILGA. I invite you to take five minutes to make your introductory comments, and then we will take questions.

Alderman Arnold Hatch (Northern Ireland Local Government Association): Thank you very much, Chairman. We realise that the previous session took longer than usual, so we will cut to the chase. You have already seen our initial thoughts, and there might be a few more details to follow of good examples of how this could work and the proposals that we want to put to you. Without further ado, I will hand over to Derek, who will give an update on the Local Government Bill, where we fit into it and how the partnership panel should work.

Mr Derek McCallan (Northern Ireland Local Government Association): Thank you, Chair. I will ensure that we keep to the script and keep it brief. As I am sure many members are aware, the Local Government Bill completed its Assembly stages yesterday and is heading towards Royal Assent. In our estimation, the Bill will strengthen democracy in Northern Ireland. We have to challenge councils to make sure that there will be proper scrutiny of every element of the Bill and integrated work with the Northern Ireland Assembly, which is the hub of the matter for the Northern Ireland European strategic political partnership. We are proposing a manifestation of the wider political partnership panel as espoused under the Department of the Environment (DOE) and the Local Government Bill itself. Why? About £1 billion of European structural funds will be dispersed in Northern Ireland during 2014-2020. In what we believe will be a manifestation of stronger democracy, the panel can bring together

political leadership at both tiers of government to do high-level scrutiny of the disbursement of those funds. It is a significant sum of money spanning many Departments, and there is a challenge for councils to spend it prudently and innovatively. We feel that, in keeping with precedent in other jurisdictions, a high-level political partnership panel scrutinised by the junior Ministers and this Committee would be a good thing, given the Committee's key portfolio. However, it would be churlish of me to say that it is a good thing without highlighting the benefits. My colleague Ken Bishop wishes to list succinctly some of the issues that would be of mutual benefit to the Committee and to the local government sector.

Dr Ken Bishop (Northern Ireland Local Government Association): Thank you, Derek, and thank you, Chair. I will put the issue in context. The panel that we are proposing has a precedent in a similar relationship that the Office of the First Minister and deputy First Minister (OFMDFM) has with the Northern Ireland Strategic Migration Partnership. NILGA and local government were approached to host a regional strategic partnership on migration on behalf of the Home Office, which has already shown firm results with schemes on the ground for community safety initiatives, programmes, education and health, and council programmes dealing with sham marriages and environmental health.

Before I hand over to our president to talk about the details of the structure of the proposal, I will briefly outline five overarching benefits of such cooperation. The first point is the increased investment through cooperation. Linking the appropriate Northern Ireland Executive investment priorities with local community planning could offer a return of around £3 billion in potential joint subregional projects. The figure of £3 billion came from an exercise that we carried out recently on European investment opportunities between regional and local government. It represents a 1:3 return ratio on the local government annual expenditure budget of £1 billion. We argue that, by that kind of cooperation on investment and maximising those opportunities, we could bring additional sustainable jobs to the region, enhance community growth and increase local and regional tax revenue returns.

The second point is to do with increased policy cooperation and influence. A strategically coordinated approach on a shared EU policy lobbying priorities platform would offer a stronger and more coherent voice for Northern Ireland's representatives in Brussels — for example, in the Committee of the Regions, the Congress of the Council of Europe and the European Parliament. That partnership would be in a better position not only to maximise and focus on the investment opportunities but to protect Northern Ireland ratepayers against necessary financial burdens from new EU policy.

The third benefit, as we see it, is on the national, regional and subregional coordination of EU structural funds. A strategically coordinated approach to regional and local EU funding allocation would offer a focused mechanism to coordinate direct investment to those most in need at the right time and, in doing so, we argue, would deliver a more efficient means of maximising community and small and medium-sized enterprise (SME) support benefit.

The fourth point of benefit is the increased drawdown of European alternative finance mechanisms and support. A strategic partnership or panel, as we are proposing, would help us to utilise and avail ourselves of existing and future European financial mechanisms, which would enable a potential increase of additional regional infrastructural and regeneration money to the region — for example, through maximising local government's European borrowing powers in partnership with the regional government and the private and community and voluntary sectors.

The final benefit is to do with regional future planning. We are proposing that the panel would have an opportunity to offer a regional and local platform to coordinate and plan a focused approach to future relations with Europe and, in so doing, to better target regional and local future investment needs and policy intervention at a time of most need and demand.

I hope that I have succinctly outlined the five distinct benefits and shown that our proposed panel is not without a successful precedent. I will now hand you over to NILGA's president to outline our proposals on structure.

Alderman Hatch: Thank you very much, Ken. The structure is laid out in the document that we sent to you. The key thing is that, as the proposal develops, overall governance and accountability would reside with this Committee. The structure is very similar to the precedent that was mentioned earlier: the Strategic Migration Partnership. NILGA executive members would be the local government elected member element of it, feeding into the Northern Ireland European strategic partnership, which would be chaired by the junior Ministers.

Local government has a history of sharing. Just as NILGA office-bearers comprise one member from each party, we would suggest that, similarly, as far as local government is concerned, the partnership could be made up of five members, one each from the five main political parties, and that the regional government Assembly membership would include the main EU portfolio Ministers, who are, obviously, from DFP, DARD, DETI and DEL. EU practitioners would be doing the work, with a joint secretariat of OFMDFM and NILGA. In support of that proposition, we would ask for the secretariat to be shared between the association and OFMDFM, building on work in other areas such as waste with the DOE, migration, which I mentioned, with the Home Office and policing with the DOJ. It would require modest resources but, as we suggest in our recommendations, if the Committee were of a mind to approve the proposal for the Northern Ireland strategic European partnership panel and work with NILGA to allocate an appropriate budget to carry it out, it would be fairly minimalist. We would like you to consider that. Do you want to take that a little further, Derek?

Mr McCallan: No, I just want to go back to an earlier comment that strengthening democracy here is important, and it has to affect real local people. European money will be a tremendous opportunity in a challenging and austere financial environment in which rates will be acutely looked at, there will not be many increases, and the Exchequer Budget is going down. To sweat the asset of the European Union and to have the more attractive figures of per capita gain in the Republic of Ireland of £88 per head as opposed to £33 per head here, we have a two-tier policy scrutiny role and are simply drawing attention to the proposal, which was put together in good faith, having discussed it initially with the Chair of the Committee.

The Deputy Chairperson: Thanks very much, gentlemen. Everyone would agree that we need to improve our coordination in drawing down European funds and to maximise them when they are drawn down. How does the proposal fit in with existing forums such as the European Regional Forum, which is co-chaired by OFMDFM and Belfast City Council? Obviously, the Committee has gathered together a European advisory panel, and there is also the Special European Union Programmes Body (SEUPB). Where do those existing forums fit in?

Mr McCallan: We support the Northern Ireland European Regional Forum. I am a member of its associated planning group. The last meeting of the forum was attended by some 85 social economy, Citizens Advice and related SME organisations. Operationally, at a local level, those organisations are looking for that funding menu. We are suggesting that this high-level political body can provide direction and a framework; it puts elected members at both tiers of government into a policy guidance mode, which could feed the operational work of the forum.

As every member here knows, the SEUPB is a managing authority. One issue that we have been somewhat exercised by is the fact that bodies such as the consultative partnership — you are quite right to draw attention to the number of partnerships and panels; my point is that they all have to be rational, rationalised and productive — tend to be report mechanisms whereby papers — sometimes, very heavy papers — are offered to elected members who, despite good briefings and good articulation of points, are really getting down to the technical detail. Post-Barroso, however, I suggest that that panel could have a high-level political scrutiny and directional role. It would, therefore, complement some of the existing structures, which must be subject to review and rationalisation anyway. The strengthening aspect is that it offers elected members at both tiers of government an opportunity to shape budget, direction and policy framework. I see it as a complementary role, mindful, however, of your key point that there are perhaps a number of tectonic plate structures all bubbling around one another. We thought that political leadership was needed to give better direction to the deployment of European funding.

The Deputy Chairperson: Have you discussed the proposals with OFMDFM and the junior Ministers?

Mr McCallan: We have come to the Committee first because of the governance primacy of your good selves. Some work being done at a complementary level — for example, the Strategic Migration Partnership that my colleague Ken Bishop referred to; the junior Ministers have been advocates of that cross-cutting migration role — led us to believe that the OFMDFM Committee could have primacy of oversight on this matter as well. My understanding — correct me if I am wrong — is that the junior Ministers are also scrutinised by the Committee.

The Deputy Chairperson: That is correct. Do you see OFMDFM as being a potential funder of the structure?

Mr McCallan: The president referred to "modest resources", and we had thought about trialling this. It is about a collation of people and information, so there would not necessarily be an HR cost; it would be more about meeting an administrative cost of the order of £8,000 to £10,000 indicatively. The short answer to your question is yes. Chair, you highlighted the significant and positive support you have given to the European Regional Forum. This is a smaller political version of the same, but we hope to provide cooperative investment as well.

The Deputy Chairperson: What are your next steps?

Mr McCallan: I am conscious of your weighty agenda today. Subject to — hopefully — constructive criticism from around the table, we were looking to have the principle established so that we could work up, beyond the political and social imperatives, a modest business case to bring back to the Committee and the local government sector. That is our thinking.

The Deputy Chairperson: It will be important for the Committee to hear the response of the Department and the Ministers. Do you intend to meet them, or have you requested an opportunity to do so?

Alderman Hatch: Yes. It is important that we do that but that we come to you first.

The Deputy Chairperson: I appreciate that. Maybe we could come together again once you have had those engagements.

Mr Attwood: My sense is that, behind your paper, there is probably frustration about getting things over the line at local government level when it comes to European funding and getting a hearing in central government about where European funding needs to go in the local government sector. The proposal is about frustration that things are getting stuck. I will come back to that in a second. You are trying to shape a model that galvanises the issue, as local government people see it — I might be wrong about that — because of frustrations elsewhere. If that is the case, I share the frustrations. I agree about the need for coherence, coordination and so on, if that is what you say is needed. I also agree that there is a need for strategic direction. I am a wee bit cautious about whether this is the right model.

If we are to do this properly, we probably need an Assembly European Committee. You are trying to create a process when a lot of processes already exist and to use some of the Committee's authority to move things forward. I sense that it will all end up being more fragmented rather than more strategic. I need to think about that, so I might be wrong.

Your intentions are right, and your frustrations, if that is the case, are genuine, but I am not sure whether this is the right model. Is there a parallel model? What are the models in England and Scotland for a strategic approach at local council level? That is what we are talking about: how do councils draw down and maximise funding?

In the past few weeks, the University of Ulster drew down money from the European Investment Bank (EIB). Is it not the case that there were proposals from the local government sector to draw down funding from the EIB. Where are they? Are they stuck in DFP?

Alderman Hatch: That is one reason why we thought this structure was probably better in that there would be more weight and coordination of priorities, and so on. I do not think that the proposal has been borne out of frustration. It is looking at a way forward to maximise the benefits of EU funding. The proposal is to have one body speaking in partnership with this Committee, but an Assembly EU Committee would not be a partnership. You are quite free to have as many Committees as you like, but that would exclude local council representation from feeding into and being in partnership with any new Assembly Committee.

Mr McCallan: I will help to answer the representative's question. A model exists in Wales: the Partnership Council for Wales. The word "council" is a misnomer because that represents a two-tier body of AMs and local councillors, and it is coordinated by the Welsh Local Government Association. It is a direct derivative of the Local Government Act over there, which is about reinforcing policy level cooperation between central and local government. That has a group that deals entirely with European moneys. I say moneys rather than structural funds because, if I am correct, the representative also highlighted the distinctive opportunities with the European Investment Bank.

Our new councils will have an opportunity to cooperate with regional government on issues of regional infrastructure significance. In our model, we have concentrated on what we need to do in Northern Ireland, which is to take small steps. We have concentrated on structural funds, but it is quite right to look at the wider picture and the opportunity and challenge for local government to unlock some of that money in partnership with the Assembly.

I hope that that provides an example of an illustrative model in a neighbouring jurisdiction. I simply want to support our president's comments.

Mr Cree: Thanks very much, gentlemen. I also share your frustration. In fact, we had a take-note debate this week on European priorities. I do not know whether you had the opportunity to hear about it or to listen to it. Our performance under framework programme 7 was pitiful, so something certainly needs to be done. That said, I am not sure exactly what to do. I like the sound of the Welsh model.

You mentioned the two junior Ministers. I suppose that there is a healthy tension between them and the Committee, and we do not always see eye to eye, as we try to hold the Department to account. It would be interesting to hear what OFMDFM has to say about the proposal and its response. You have identified a real need to involve the main players in what is, arguably, the last tranche of European moneys. For the period to 2020, there is an overall budget of some £80 billion. That is a lot of money, so we need to do something. As the old school reports used to say, "Must do better this time".

Mr McCallan: That is why I referred to the tectonic plates; there is tension everywhere. As an apolitical organisation, we seek to improve and create opportunities for our sector. Let us consider the money that you referred to and the frustration that a previous representative mentioned: in Northern Ireland, five managing authorities currently oversee the audit and disbursement of those funds; in Wales, there is one. Unfortunately, I do not have the exact recipe, but the principle that we put forward is that we need to sweat the asset better in what will be the final significant structural fund period for this region up to 2020.

We do not offer all the answers, but we offer the challenge that we wish to legitimately, and on behalf of the sector, cooperate with you to improve the disbursement of EU funds. We will take up your recommendation that we also communicate with the Department and the junior Ministers because we should be doing all of this in an integrated way.

Mr Cree: The only issue is one of sequencing, in that it is probably better to get a response and reaction from OFMDFM first, and then we can move forward.

The Deputy Chairperson: It has a central role to play, so it is important to get a response from the Department and the Ministers, and, by all means, we can reconnect at that point. Are you content with that approach, gentlemen?

Alderman Hatch: Absolutely.

Mr G Robinson: Do the three MEPs have any role to play in your proposals?

Mr McCallan: In October 2011, we had the good fortune of highlighting not this particular architecture but the very issue that the representative raised. They were more exercised than we thought they would be about the issue. All three consistently asked for a reaction and a solution. We also have their support for Northern Ireland, through Invest Northern Ireland and NILGA, to apply for the European Entrepreneurial Region award in 2015. I cannot confirm the outcome of the shortlisting exercise. However we thought it a good example of how, when we work together on behalf of enterprise in Northern Ireland, we make the right noises in places, including the European Union, from where enterprise comes.

The Deputy Chairperson: OK, gentlemen. You can take that forward by speaking to the Department and then reconnecting. Our Clerk will be delighted to take this up with you again. We are grateful for your time today and for your presentation. Thank you.

Mr McCallan: Thank you.