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FROM: VICTOR HEWITT

DATE: 21 APRIL 1995

TO: EUSG MEMBERS

EU PEACE INITIATIVE - PAPER FOR DISCUSSION AT EUSG ON 26 APRIL

I attach a short paper which describes the development of the EU peace Initiative to date and sets out some proposals for a programme. The paper is intended to act as a basis for discussion at EUSG on 26 April where, in addition, DFP will make a short presentation on the structure of the proposed programme.

V HEWITT

FROM: C CAVANAGH
EUROPEAN DIVISION

DATE: 24 APRIL 1995

TO: EUSG MEMBERS

PEACE INITIATIVE PROGRAMME

1. This paper is intended to -
 - i. update EUSG members on the consultation process and the timetable for submitting a Programme;
 - ii. draw attention to the main issues for resolution;
 - iii. outline DFP proposals for the Programme for discussion; and
 - iv. alert Departments to the next steps.

As is explained in the paper, the timetable which envisages submitting a programme by end May is extremely ambitious and DFP will require the assistance of all Departments to ensure that the deadline is met.

CONSULTATION PROCESS/TIMETABLE

2. The draft Guidelines were published by the Commission on 14 February 1995 and, before being formally agreed, must be considered by the European Parliament (passed by unanimous vote on April), the Economic and Social Committee (a study group visited the Province on 20/21 April), the Committee of the Regions and the Membership Committee. The latter is comprised of Member State representatives - the UK has only commented formally on one point concerning additionality. It is not expected that any significant changes will be made to the draft text which will probably be approved by written procedure.
3. The Commission system is, therefore, working much quicker than expected with formal approval expected by end April/beginning of May. This reflects the degree of support which the Initiative has received at the highest levels in the Commission and other EU institutions.

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4. Following formal approval of the Guidelines, the Member States would normally have 4-6 months to submit a Programme. However, all parties have stressed that the funding should start to flow to projects as quickly as possible; the Parliament has proposed that the timescale should be reduced to 2 months and the Secretary of State has said that he wishes the Programme to be lodged by end May. This timetable is necessary if funding is to flow before the summer break; Government will obviously be open to criticism if it is seen to delay the process. The ROI are extremely concerned by an end May deadline and see this as being impossible to achieve.
 5. EUSG Members will be aware that there has been an extensive consultation process. The Government sponsored Conference was held on 29 March, the MEPs'/European Parliament event on 11 April and the ROI Conference on 25 April. DFP is consulting with key umbrella groups and other Departments have been asked to engage their key players. In addition, a public advertisement was placed in the local papers on 16 March asking interested bodies to submit proposals for a Programme. To date, over 110 submissions have been received. These are being circulated to Departments and should be taken into account when drafting the Programme.
 6. To date, the following key issues are emerging from the consultation process:-
 - a. a widespread call for local communities, and groups, to be involved in the planning and implementation of the Programme, with "partnership" as the universal theme; but
 - b. there is no consensus on the format of partnerships, with an apparent tension between the claims of the voluntary sector and the District Councils to leadership. The District Councils seemed to be trying, at the EP Conference, to catch up with earlier voluntary sector lobbying on this. There may also be a political tension, with the DCs favoured by the Unionist parties but regarded with suspicion by Nationalist interests;
 - c. an emerging concern in the business sector that the Social Exclusion priority (espoused by the voluntary sector) might freeze out the Productive Investment priority and also that the participative mechanisms being sought by the voluntary sector and others might be cumbersome and inefficient;
 - d. general support for the use of global grants, to go to intermediary bodies which would adjudicate on individual project applications; but
 - e. no consensus on who the intermediary bodies should be, and scope for controversy over their selection, eg, when DFP canvassed LEDU, NICVA and NI Voluntary Trust as illustrative examples at a meeting with the NI Economic Council, the trade union reps suggested that new bodies should be established to administer global grants;

- f. a tension, scarcely acknowledged, between inclusive planning and implementation processes and mechanisms and the desire for a rapid delivery of cash on the ground;
- g. a general difficulty, among many of those consulted, in making the leap from the abstractions (consultation, participation, partnerships, global grants) to the practicalities (specific prescriptions for how the concepts should be implemented); and
- h. a slowness to recognise that, to the extent that the EU receipts pass through Departmental Votes and/or are matched by Departmental PE contributions, Departmental Accounting Officers will have unavoidable VFM, propriety and accountability responsibilities for the expenditure.

ISSUES FOR RESOLUTION

- 7.. In order to draw up a Programme, 2 main issues will need to be resolved. Firstly, the interface with the ROI needs to be decided. EUSG members will have seen Victor Hewitt's 6 April submission, which explained the NI "tripartite" approach to the Programme and the ROI's "integrated" stance. The proposals set out below assume that there will be a tripartite approach and, therefore, refer only to the NI element. This might need to be revised in the light of decisions at Ministerial level. The management of the Programme will be discussed at IGC on 28 April.
- 8. The second issue is the degree of control over spending to be retained by Central Government. EUSG members will be aware that most EU Programmes are tightly controlled by Departments to ensure minimum pressures on the NI Block. The funding of this Initiative, however, is expected to be additional, as far as the EU receipts are concerned and possibly also in respect of the necessary co-financing element. The aim of local bodies is that the funding should not be appropriated by Government and the Commission and a range of local players (including the MEPs) will attempt to ensure that this is the case. The Secretary of State has also given a commitment to partnerships and global grants - all of which will weaken Government control. Politically, it would be unacceptable for Government to try to control the Programme spend in total. The question remains whether Government could/should try to retain an element of direct control and if so how much? The proposals below would allow for varying degrees of Departmental authority. The Programme, and this issue in particular, will have to be signed off by Ministers by late May.
- 9. Departments should, however, take into account the fact that, if the disposal of any funding is retained centrally, a call for applications will have to be made. To date DFP has a central list of approximately 500 bodies which have asked to receive details of the Programme and an application form. The administration of a Sub-programme would have obvious DRC implications for the Department concerned and no guarantee of easement can be given.

10. Some control over spending will, however, lie with central government due to the necessity to provide matching funding. Though we will encourage other sources of matching funds it is inevitable that Departments will come under extreme pressure to provide matching funding under any proposed global grant or partnership arrangement. DFP will seek to secure additionality on these funds but as a matter of prudence departments should continue to treat these as inescapable pressures as set out in the Survey guidelines until the issue is resolved with HMT.
11. Although the Commission actively encourages global grants/partnerships, it also is adamant that central government retains accountability for all funding. Accounting Officers will therefore be accountable for funding spent within their Departmental area of responsibility and any administrative arrangements proposed will have to allow for this as a priority.

OUTLINE PROPOSALS FOR THE PROGRAMME

12. In light of the above, DFP puts forward the Programme outlined at Annex A for comment. Although the inter-departmental group has considered element of this proposal, consensus has not been reached on the full structure. More details on the proposed structure are given below. Amounts have also been proposed for Sub-programmes although these are indicative only at this stage.

SUB-PROGRAMME 1 PARTNERSHIPS

13. This Sub-programme aims to fulfil the statement in the Guidelines that the Programme should "facilitate genuine bottom-up involvement by empowering local agencies and groups to participate in the direction and control of spending, thereby providing a real input for local interests". Although many permutations are possible for the partnerships, DFP is proposing that the Sub-programme should as far as possible build on the existing structures.
14. Under this scenario, one partnership would be formed for each council area. The area would be guaranteed an amount of funding (calculated on for example population/deprivation indices) provided it fulfilled certain criteria. The partnership would have to be representative of the area (with, for example, the involvement of the District Council, voluntary sector, business sector and other interests). The partnership would agree the priorities for the area and, hence, how the funding should be allocated. Funding might be paid direct to the body responsible for the project or an enlarged partnership body which would include the project sponsors (provided financial competence was demonstrated. If the partnership did not produce plans or fulfil the criteria within a pre-set time limit, the funding would be reallocated.
15. All plans would have to be given final approval by either a body established for the purpose, Departments or the overall management body. This will require further consideration. As noted in paragraph 11 above, each Department will assume direct accountability for projects falling within its ambit.

SUB-PROGRAMMES 2-6

16. The remainder of the programme follows a traditional Programme structure by allocating funding according to priorities. As noted in paragraph 8 the main decision would be where the balance between centralisation and decentralisation would fall. The structure would allow either for a Department (or Departments) to disburse the funding or for all funding to be allocated through a global grant mechanism (in which case Government would effectively lose control). Alternatively, Departments could retain responsibility at a strategic ie NI level while local issues were addressed through the global grant mechanism. The two levels might be distinguished by cost eg strategic c £200k + per project and local at lower levels.

THE CROSS-BORDER SUB-PROGRAMME

17. Again, any cross-border projects could either be selected by ad hoc meetings of Departmental officials on a cross-border basis (as under INTERREG) or authority for selection could be delegated to a global grant body such as Co-operation North. DFP will discuss this element of the Programme further with ROI representatives and will put forward definitive arrangements in due course.

MONITORING/ADMINISTRATION

18. Under EC regulations, a Committee, comprising NI and ROI Government representatives, the Commission and representatives of the voluntary and business sectors will be responsible for monitoring all elements of the Initiative. It is also proposed that a separate NI sub-committee should be responsible for monitoring the NI element, transferring funding between Sub-programmes and evaluating. This committee would comprise Departmental and EC representatives, a nomination from each global grant body and representatives from the voluntary sector, Unions and business. The body might be responsible for approving partnership plans. Exact duties would be refined at a later stage.

THE NEXT STEPS

19. It is proposed that EUSG should consider the proposals discussed above and agree the outline structure of the Programme. Of necessity, the proposals are still quite sketchy and further details will have to be agreed as quickly as possible. If outstanding issues remain, they will be taken forward by the inter-departmental group. It will be important that decisions on structure of the Programme/administration should be taken by end April/early May to allow time for the Programme to be drafted in May.
20. As soon as the overall structure is agreed, DFP will write to Departments to commission inserts to the Programme as a matter of urgency. In particular, the following would be required for each Sub-programme:-

- a. an indication of whether the the Sub-programmes should be further subdivided into measures (perhaps by amalgamating the list of possible measures in the Guidelines);
- b. the balance between Departmental/global grant delivery mechanisms;
- c. the objectives/aims/indicators for each Sub-programme;
- d. selection criteria for projects; and
- e. the amount of funding to be allocated to the Sub-programme/measures.

This would be required early in May.

21. In order to assist drafting, it is proposed that the following Departments should take the lead in designated areas:-

Sub-programme

| | |
|-----------------------|------|
| Social Inclusion | DHSS |
| Rural Regeneration | DANI |
| Urban Regeneration | DOE |
| Employment | DED |
| Productive Investment | DED |
| Partnerships | DFP |
| Cross-border | DFP |

Lead Departments must ensure that all relevant Departments are consulted on each Sub-programme.

22. To ensure that the consultation process is carried forward, DFP proposes to discuss the proposals with key bodies. Departments might also wish to engage key players as soon as a consensus on the Programme has emerged. DFP will link with the ROI and Commission to take their views as drafting progresses.
23. In addition, Ministers will be kept informed of progress and asked to approve structures, allocations and drafts in due course.

NI Element - Proposed Sub-Programmes - £188m

