



Northern Ireland
Assembly

Committee for Employment and Learning

OFFICIAL REPORT (Hansard)

European Social Fund and Other Funding
Issues: Dr Stephen Farry MLA (Minister for
Employment and Learning) and DEL Officials

29 April 2015

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Members present for all or part of the proceedings:

Mr Robin Swann (Chairperson)
Mr Thomas Buchanan (Deputy Chairperson)
Mr David Hilditch
Ms Anna Lo
Mr Fra McCann
Ms Claire Sugden

Witnesses:

Dr Farry	Minister for Employment and Learning
Mr Derek Baker	Department for Employment and Learning
Ms Heather Cousins	Department for Employment and Learning
Mr John Noble	Department for Employment and Learning

The Chairperson (Mr Swann): I welcome Stephen Farry, Minister for Employment and Learning; Derek Baker, permanent secretary; Heather Cousins, deputy secretary; and John Noble, from the managing authority of the European social fund (ESF). Minister, thank you for coming along. We had to suspend the meeting for a minute while your officials tried to find you, but you are very welcome.

Dr Farry (The Minister for Employment and Learning): That is fine.

Mr F McCann: We thought you had done a runner.

Dr Farry: It is good to see that, for once, you are ahead of schedule, which is excellent.

The Chairperson (Mr Swann): The main issues that we have before us today are the funding of the Bytes Project, Pathways to Success, education maintenance allowance (EMA) and then the ESF. We sort of agreed that we would cover the Bytes funding and Pathways to Success first and then move to the ESF. Is that agreeable to you?

Dr Farry: Yes. I will run through all three issues in my opening comments. Then, Chair, if you want to guide questions on the first two issues on your mind first of all, we can look at the European social fund in the latter half of the meeting.

Let me focus on the European social fund in my initial remarks because, obviously, that has by far the greatest footprint on resourcing. We are pleased to announce that the decision-making process

around allocations has now concluded. It is also important to put in context that we are talking about a bigger pot of money for Northern Ireland under this particular round than has been the case in the past. Obviously, and in part due to what is happening elsewhere in terms of public-sector spending, there is more pressure on the European social fund than there has been in the past. That is reflected in the fact that we are 1.8 times oversubscribed.

The Committee is aware that we announced the bulk of the allocations on 26 March, and that amounted to a project value of around £110 million. We were pleased that that was determined several days in advance of the end of the year, which meant that we met our own targets in terms of the vast bulk of what we wanted to put across. At that stage, there were 65 projects announced. Since then, in relation to the outworking of appeals in phase 1, there were two further organisations that were assessed at phase 2 and scored above the funding threshold, and they received support. Then, on the back of the appeals process for phase 2, one further organisation moved into the funding envelope. So, 68 projects will receive funding totalling £112.5 million. In total, 27 organisations made appeals, and that amounted to 31 projects. In a few minutes, I will go through some of the detail.

I also stress that, in the anticipated outcomes from what we announced, we are hoping to support over 10,000 young people who are not in employment, education or training; over 24,500 participants who are unemployed or economically inactive; over 7,000 people with disabilities; and over 2,300 families, particularly in relation to the community family support programme. Obviously, that will have a sustained impact on people's lives in combating poverty, enhancing social inclusion through reducing economic inactivity and developing our local skills base. Again, I stress that we met our internal decision-making targets, and what we have done in Northern Ireland stands in contrast, in particular, to the situation in England and Wales.

The Department is working on the formal letters of offer and economic appraisals. We are holding an information event for organisations on Tuesday 5 May. We hope that all that will be finalised very quickly. The funding, of course, is available from 1 April 2015. In that sense, organisations are entitled to claim from that period onwards. There may well be organisations proceeding at their own risk in advance of the formal letter of offer. They will be able to claim in that regard.

There was some concern and confusion around how we would make decisions on the funding threshold. In the guidance notes, we said that the threshold was set at a score of 115 out of a maximum of 170, but we were also clear that not every organisation that passed that threshold was going to be funded, given that we were heavily oversubscribed considering the resources. So, there will be a number of organisations that are in advance of the funding threshold, and, in that sense, have a good programme, but, due to pressures on resources, they will not be able to be resourced. I should stress that we are running with an overcommitment of around 7% or 8% on the funding decisions that we have announced. That reflects the fact that, in practice, not all the money will be drawn down by the successful organisations. So, the Department, at its own risk, has announced funding allocations in excess of the actual budget and, through underspends, it is anticipated that we will come in more or less on budget. That is a calculation that we will have to take ourselves.

For phase 1, 15 appeals were made, and three of them were upheld. Of the 31 appeals from 27 organisations that were made in phase 2, three were upheld, two of which resulted in a change of score. One of those organisation's change of score moved it above a certain funding mark and led to a funding allocation. Those are probably the main points on the European social fund.

With your consent, Chair, I will move on to discuss issues in relation to the pathways for young people and education maintenance allowance. The Committee will appreciate that this is something that it advocated as part of its report into NEETs, which subsequently led to the Executive's own strategy, Pathways to Success, the NEETs strategy. Within that, the Department was able to proceed with that EMA payment for young people who were on two sets of programmes: the collaboration and innovation fund (CIF) programmes, under the strategy; and the European social fund programmes that were dealing with young people who were in that situation. At all times, we were clear that this was a time-limited funding pot from the Executive; it was not mainstream departmental funding but a special allocation of funding for the strategy that we bid for in 2012. Had the circumstances been different in the wider public-sector spending environment, I would have anticipated with a large degree of certainty that the Executive would have wished to renew that pot of funding. However, I think everyone is aware of the situation that we find ourselves in. While we made the point that we were losing that money, it was not a payment that the Executive were able to continue with. So, sadly, that payment came to an end on 31 March.

Over the past couple of years, we have spent in the region of £500,000 on those payments. About £400,000 of that relates to European social fund programmes and about £130,000 to the collaboration and innovation fund programmes. Twenty one organisations under the European social fund accessed it, and 17 under CIF accessed it. Under the collaboration and innovation fund, just over 1,200 young people benefited, and about 950 benefited under the European social fund. Obviously, we recognised, and continue to recognise, that there is a rationale to those payments in relation to the retention of young people on those programmes and in incentivising progression to other training opportunities in due course. Indeed, the level at which we pitched the payments of £10 and £25 very much had that type of strategic approach in mind.

Looking to the future, we have not dismissed the prospect of the renewal of some type of payment. At the moment, we are still working our way through a number of funding issues. However, under the new approach to the European social fund, there is the capacity for organisations to pay an allowance out of the funds that they receive. Indeed, it would be the Department's expectation that organisations would wish to do that. Nonetheless, we are also taking a look to see whether there are measures that we can take to support the recipients of the European social fund in doing that, but that is an area that we need to explore further. It would also be governed by the availability of resources in the Department. As you appreciate, things are incredibly tight now on the back of the most recent Budget from the Executive.

The final issue that you asked us to raise with you today relates to the Bytes Project. The project dates back to 1993. It followed on from a visit by the then Department of Education to the United States. It was very much geared towards engaging young people through the use of ICT. In many respects, it has been a forerunner to many of the programmes that we are now funding through the European social fund and the Pathways to Success strategy. The initial funding was through Making Belfast Work. That was then transferred to the Department of Education and then from the Department to one of its arm's-length bodies, the Youth Council for Northern Ireland, in 2010. The funding from the Youth Council has, in essence, been mirrored by that of my Department. For example, the Youth Council has funded the Bytes Project to the tune of £220,000 per year. Again, my Department has matched that. In 2012, there was a review of that funding. At that stage, the Youth Council determined to continue it for a further two years. There was also an understanding that there would be the development of a sustainability strategy on the programme. Bytes itself was unsuccessful in its bid to the European social fund. The project that had been directly supported by the fund until the end of March, Connect Youth, is no longer continuing in that regard.

I will talk about where things stand for the Bytes Project. On 23 March, the Youth Council notified that funding for the first quarter of the 2015-16 financial year would be reduced by 20%, and decisions on further funding are still to be made. My departmental officials met Bytes on 16 April. Again, at that meeting, it was stressed that no decisions were being made on the future. Indeed, Bytes has submitted further information to the Department asking for a disengagement plan to be agreed. It is also our understanding that the Youth Council is meeting today to discuss future options with regard to funding. From our perspective as a Department, we are not in the lead on this, but we have been mirroring the funding decisions that have been taken by the Youth Council.

I stress that this is an unusual programme for us in that we are very rarely in a direct funding relationship with particular organisations, because the vast bulk of our resources for the community and voluntary sector is allocated through competitive programmes. We recognise that it is doing good work and is, in many respects, a legacy issue that has been in a particular context until now. We will see what emerges from the meeting today, what the future holds for the organisation on the back of that and how we perhaps do end up in a process of managed disengagement.

That said, there will be fresh funding opportunities coming up beyond the European social fund. Members will be aware — indeed, you had a briefing on it last week — of the economic inactivity strategy. We are also moving ahead this year with the pilot programmes for United Youth, and it is anticipated that United Youth will be mainstreamed from April 2016; indeed, work on that has advanced.

Hopefully, Chair, that covers the three funding issues. We are happy to take any questions. You are familiar with the team that we have here today.

The Chairperson (Mr Swann): Thank you, Minister. Members, as I said earlier, we will deal just with Pathways to Success, EMA and the Bytes Project in the first round of questions. I will start with Pathways to Success and EMA. Minister, what warning was given to organisations and individuals that the funding would be withdrawn?

Dr Farry: There was not a warning per se, but it has always been understood that this is a time-limited pot of money, and, indeed, all correspondence and letters of offer relating to the funds made it clear that the funding expired at the end of March. It has been clear for quite some time that the particular funding package for the delivery of the Pathways to Success strategy has not been renewed. While there was not a specific warning as such, no organisation can legitimately claim not to have understood that this was a time-limited intervention.

The Chairperson (Mr Swann): Was that being communicated to the young people who were making use of the money?

Dr Farry: That is not for the Department to communicate. That is for the organisations that are claiming it from the Department and then allocating it to the young people on their projects.

The Chairperson (Mr Swann): During your interview on 'Good Morning Ulster' a couple of weeks ago, I think it was Blair Anderson from Ballymena who talked about being in receipt of the money. You said very clearly that this issue was still live and on your desk. Do you think money will be put into this in the near future, or is it a distant project or something that you may look at giving money to again? What is the hope for young people who are utilising this money?

Dr Farry: Let me stress a couple of things about the options. First, to be clear, there is scope in the European social fund allocations for EMA-type payments to participating young people. That is an opportunity, and, indeed, we would expect organisations receiving those payments from the European social fund to allocate a training allowance to young people. That does make a degree of sense, and, indeed, some organisations have done so in the past out of their own resources as well.

In our own budget, outside of the European social fund budget, there may be some scope for us to give some support, but we need to see the full picture over the coming weeks on the pressures in practice from match funding for the European social fund. Organisations in receipt of the European social fund have until the end of June to secure their match funding, and we are therefore still uncertain exactly how that will work out. You will appreciate that, beyond the pressures that my Department finds itself under, everywhere else in the public sector is under huge pressure, and we are aware of problems with match funding emerging for organisations. We need to see the full picture before we know our own ability to be supportive.

Anything that we do over the next year, to be fair, would probably be on an interim basis, because we are looking at a potential game changer coming down the line in the form of United Youth, which, as members will appreciate, is a combination of employability interventions and good-relations and volunteering interventions. Obviously, for young people who are not in education, employment or training, the European social fund programmes will be major players. We do not want a situation where we have duplication, with strands of people who are NEET working through the European social fund programmes while we have a parallel programme, United Youth, which is also looking to work with young people who are disengaged from or marginalised by the labour market. We need to see how we bring those things together, but it has been very clear that there is an expectation of a stipend being paid to young people who are within the ambit of United Youth. More detailed work has to be done on how that will unfold over the coming weeks, but it may well be part of the medium-term solution. In the medium term, I am optimistic. In the short term, a number of options are still under consideration.

The Chairperson (Mr Swann): For the young people who have been affected since 1 April, the short term is their main interest at the minute. You said that there is the ability for the successful ESF organisations to allow for a training or maintenance allowance similar to the EMA. How many organisations had that built into their applications?

Dr Farry: John may be in a position to comment on the detail of that. Even if it was not there, they still have that discretion.

Mr John Noble (Department for Employment and Learning): They have 40% discretion.

Dr Farry: They were not required to say upfront specifically that it was their intention to do that. They have that discretion. Over the coming weeks, we will develop detailed guidance notes for the delivery of the programmes. We will put in more detail in relation to such payments.

It is also worth putting on record that, in the current situation, some organisations that previously received the European social fund are now going to be recipients from the new programme. There may well be some young people who are continuing on an almost seamless basis through that process. In many other instances, there will be a situation where, with projects naturally coming to an end at the end of March due to the end of that round of funding and other projects then coming online and taking a little bit of time to get ramped up, the pressure at present may be somewhat less than it would be in a few months. That is not to diminish the situation as some people will find it, but we are mindful that we are part of a process of transition from one round of the European social fund to the next. Hopefully, within the next few weeks, we will give more detailed guidance around how organisations can directly support young people from the resources that we have allocated to them.

The Chairperson (Mr Swann): That is all under future funding projects. Does the like of Include Youth, which is currently being funded through another project and which relies on your EMA as a separate funding stream, have an option?

Dr Farry: What other programme is that?

The Chairperson (Mr Swann): Include Youth was using EMA money and Pathways to Success. That funding stream has stopped.

Dr Farry: Yes. The collaboration —

The Chairperson (Mr Swann): The only way that there could be future Pathways to Success or EMA money is under another project under another scheme.

Dr Farry: We had two main pots of funding under which the allowance was paid. The first was the collaboration and innovation fund. That, in line with the payments, was part of the funding package from the Executive that came to an end at the end of March this year. In parallel with that were the European social fund programmes. That funding round came to an end as well at the end of March. Sadly, the collaboration and innovation fund is not being renewed because we simply do not have the resources. There may well have been a migration of some of those programmes in bids to the current round of the European social fund, but the only programme that we have live in terms of a funding stream is through the European social fund. There may well be some projects where there has been almost a seamless transition from a CIF project or an outgoing European social fund programme to the new round of the European social fund. That will be the only context in which this conversation is relevant.

The Chairperson (Mr Swann): So, it is not there.

A number of Committee members met Bytes. It has received funding for 22 years to do ICT projects. One of your key aims as Minister is to improve ICT and deal with a specific NEETs pocket in regard to developing that issue. Did the unusual circumstance of Bytes — the fact that it was core funded by the Department — make it a target for you?

Dr Farry: I reject the term "target". We have not, in any shape or form, targeted the Bytes programme. In my opening comments, I explained the context in which we reached the point where we are today. It is very much a legacy funding commitment from the Department, but it is not one where we are the lead in terms of the policy. The Youth Council is in the lead, but the Department has been matching the funding that the Youth Council has been giving to Bytes. Bytes was very clearly an innovative project. It was very much a forerunner of a lot of work that is currently being conducted. What it does is of huge value, but what a host of other organisations do is of huge value as well. We now have a wide range of organisations that are working with marginalised and vulnerable young people. They are not all the same. They have different approaches that they bring to the table, and they will have different abilities to catch different cohorts of young people. The context of where we find ourselves today is based around decisions that are being taken by the Youth Council, where, in essence, the Department is the junior party and we are mirroring what is happening elsewhere with the funding decisions that are being taken.

The Chairperson (Mr Swann): One of the things that came as a surprise to the organisation was the 20% reduction in the Youth Council funding. It was expecting a 20% reduction in departmental funding as well to match that figure. You are saying, in your words, "mirroring", but I think that it came as a complete shock when you removed —

Dr Farry: Yes, but there is a misunderstanding here. Let me very clear that the Department has not taken any decisions in relation to Bytes. If people are saying that, they are reporting the situation incorrectly or have picked things up incorrectly. We are mirroring what has been done with the Youth Council, but, as we sit here today, there is massive uncertainty in relation to that because what the Youth Council has said is a stand-alone commitment for one quarter of the current financial year, which amounts to, I think, £44,000, which we are matching. No decisions have been taken by the Department as such, but we are waiting to see what happens today from the deliberations that the Youth Council will be having.

The Chairperson (Mr Swann): So, nobody in your Department has written to Bytes to say that you are withdrawing its money.

Dr Farry: As far as I am aware, the decisions have yet to be taken on the final outworkings of what will be happening with Bytes. Clearly, it is in a very vulnerable situation, which is why I think it has asked for a disengagement plan to be agreed. You may well see a direction of travel in this regard emerging, but, at this stage, no decisions have been taken.

The Chairperson (Mr Swann): Who is Paul Bryans with in the Department?

Dr Farry: Paul Bryans is an official in our skills division.

The Chairperson (Mr Swann): Could he have had a meeting with Bytes where he could have indicated that the Department was going to withdraw funding?

Dr Farry: Paul Bryans was the official who, with some of his colleagues, was at the meeting on 16 April. My understanding of what happened at that meeting was that, from our perspective, we did not say that any final decisions had been taken on this.

The Chairperson (Mr Swann): I think that there needs to be clarification, Minister, from somebody senior to Paul Bryans for Bytes as to what happened at that meeting, because that is not the understanding of the organisation.

Dr Farry: That is what I am saying. Clearly, a misunderstanding has emerged in that context. That said, I do not want today to give false hope or false expectations about where this is likely to be going. I think that it is fair to say that we are in a difficult and precarious situation. The fact that the Youth Council has taken a certain decision on what it is doing and is now discussing future options shows that this can go in two different ways, but we are very much waiting to hear where the Youth Council will go on this. We are not in the driver.

The Chairperson (Mr Swann): Have you any indication of what way the Youth Council is going?

Dr Farry: Not directly.

Mr Derek Baker (Department for Employment and Learning): Not at this stage, Chair, but, as the Minister said, we understand that a meeting is taking place today between the Youth Council and Bytes, so we might have more clarity after that.

The Chairperson (Mr Swann): To be completely brutal about this, if the Youth Council pulls out, does the Department walk out?

Dr Farry: We are not in the lead on this.

The Chairperson (Mr Swann): If you mirror what it does.

Dr Farry: It would maybe be slightly inaccurate to say that we are in a match funding situation, because there are not the structures of a formal programme as such, but, in essence, we have been match funding with a small "m" over the past number of years. We have not been the lead partner in relation to Bytes at any stage over the 20-plus years in which the organisation has been operating. Obviously, what it does is similar to a lot of work that we do through our NEETs interventions, but the fact that we are actually discussing an intervention from our skills and training division as opposed to officials who work on the European social fund or on the Pathways to Success strategy indicates that

this is almost an anomalous situation in the Department and very much a legacy issue. That is not to say that we are simply going to walk away from that, but it is important that the Committee understands the context in which the Department finds itself in terms of its involvement and engagement with Bytes.

The Chairperson (Mr Swann): Members, any questions on Bytes and the EMA?

Mr Buchanan: With regard to Pathways to Success, has the Department carried out an assessment of the impact that it will have on the organisations and individuals who benefit from EMA?

Dr Farry: We are looking in detail at the impact of retention rates, as that is probably where you will see the biggest media impact. As part of that, we want to see how things will go with regard to progression. For those who have stayed with some of those interventions under the strategy, have they then moved on to other training and employment opportunities? More widely — this will come to the Committee in due course — we have engaged an organisation called the Centre for Economic and Social Inclusion, which is a think tank based in London, to do general assessments of all our interventions under the Pathways to Success strategy. That has been a comprehensive review of the different interventions.

It will look at the take-up and the success, or otherwise, of the intervention. However, I should say that not every organisation has taken advantage of the opportunity to pay the allowance; not everyone has sought to draw it down from the Department. Its application has been somewhat piecemeal. There may well be reasons why that is the case; maybe some organisations did not see the value of it; maybe they were doing their own thing on incentives for young people; or there may have been concerns that the administrative process did not justify the commitment for the return that the organisations would get. There may be some factors in that regard.

Mr Buchanan: Following the assessment that you are looking at at the minute, what do you propose to do if you find that it will have a big impact on retention rates?

Dr Farry: As I said at the outset, it is our expectation that organisations in receipt of the European social fund, which are now almost the exclusive players who engage with marginalised and vulnerable young people, will be paying an allowance, and they have discretion with the money from the European social fund. Indeed, in guidance that we will issue shortly we will stress that it is our expectation that that is something that they will do. That resource is there. It is for the organisations themselves to manage the delivery of the targets that I have set out for their successful bids to the European social fund. Therefore it is almost built in that, if this is integral to success — obviously, the retention of young people is integral to success — there is a natural incentive to pay out some type of allowance.

Further to that, and subject to what happens in relation to other budget pressures, particularly around match funding over the coming weeks, we will see how we can be of further support around an allowance.

Mr Buchanan: You recognise and acknowledge the excellent work by Bytes over the last 22 years. I know that the Chair has questioned you fairly thoroughly on this. However, as a Committee, what reassurance can we give Bytes that the Department will not axe the funding completely? If I picked you up correctly, you are saying that no decision has been made on Bytes. Therefore, if no decision has been made on the funding that the Department gives to Bytes, and there is an uncertainty there at the moment, what reassurance can the Committee give them that, if the Department reduces their funding or cuts it completely, as was the understanding of some people in Bytes, there will be an exit strategy agreed with the group, rather than simply saying, "Too bad; we are going to cut the funding from now"?

Dr Farry: I would make three points. First, we will be governed largely by what happens with the Youth Council, because we are not in the lead on this. Secondly, yes, that is something that Bytes has raised with us; it has called it a disengagement strategy. However, there may be other funding opportunities down the line, particularly with United Youth from 2016 onwards, although we still have some work to get that finalised over the coming weeks and months of the next financial year. We are moving ahead with the pilot projects during the current financial year. You will be aware that there is funding available under the change fund to allow that to happen.

It also begs the question, Tom, that, if the Youth Council was to disinvest and if the Committee was urging us to fund them on a standalone basis, how would you want that to be justified? I am conscious that we have been through a competitive process under the European social fund. We have funded a number of very good projects in the NEETs subsection of the European social fund. Other projects, some of which passed the threshold, were unsuccessful in their applications. So, we have to be mindful that there is a wider set of organisations out there, and we need to ensure that we are taking decisions that are fair to everyone.

Mr Buchanan: Yes, but you also need to be mindful that Bytes caters for a section of young people who are very, very hard to reach; they are young people who, probably, are below the threshold of the other programmes that the Department runs. It is a section of young people that may be slipping through the net and not being catered for. Since the Department has been funding this for a number of years with no real difficulties, why the sudden change?

Dr Farry: Let me be clear: it is not a sudden change from us; we are in the hands of what the Youth Council is doing. Decisions on the suddenness, or otherwise, of what is happening are best directed through the Education Minister as the sponsoring Minister and Department of the Youth Council. I am prepared to accept that the Bytes project delivers a very particular intervention and targets a particular cohort of young people, but I would not say that it reaches areas that other interventions do not. The purpose of the NEETs strand of the European social fund is to empower the community and voluntary sector to do similar work in engaging with marginalised and vulnerable young people. I am not sure that we can say that any one particular organisation is drilling any deeper than another, but they all have their different approaches that are particular to the organisations.

Mr Buchanan: As the Chair said, there needs to be a meeting between officials in the Department and the organisations to clear up any ambiguity that there may be.

Dr Farry: That will definitely be happening; I can assure you of that.

Mr Hilditch: Thank you, Minister, for clarifying some of the issues. The questions from the Chair and the Deputy Chair have been particularly helpful. The pathways EMA was designed to assist young people who face most barriers, and I understand that it was time-limited. I welcome the fact that there may be an opportunity down the line to have something else in place, but, if it was regarded as a success by the Department, could an interim scheme have been put in place, considering that it was not going to cost a terrible lot of money?

Dr Farry: In theory, yes, but we have to take decisions in the round on all the other pressures on the Department. I do not need to re-rehearse the scale of the cuts that we face and their impact across the board. Clearly, within that, we have a strategic imperative, first, to support the economy, and, secondly, to support the most vulnerable. I think that we are abiding by both objectives, as far as we can with the resources available to us. We are looking at what we can do by way of interventions to, in essence, preserve large aspects of the interventions that we got the pot of funding for. We asked for that to be continued. Realistically, that was going to be an uphill struggle, given what was happening in the wider public expenditure context.

Take the collaboration and innovation fund, for example. Obviously, we could not repeat that funding stream. Some of those organisations may well then have migrated and made applications under the European social fund. We had the very successful community family support intervention, which has transformed families by preventing people from falling out of the system through working with families to create better family dynamics. A small strand of the European social fund has allowed us to continue the community family support programme aspect. We made an announcement on some funding for the continuation of the NEETs' forum, which has been a very successful means of engaging with the community and voluntary sector and also with young people about policy-making and, indeed, some delivery. We have an option under the European social fund to allow the continuation of payments. There are, therefore, some interim measures, and we are looking now to see what we can do to supplement those when we have the final budget picture.

Mr Hilditch: Chair, with your permission, I will stretch, like you and the Deputy Chair, into Education and Skills Authority (ESA) issues as well. There seems to be a problem with communication down the line from top to bottom, because, going on the communications and correspondence that we have received, there seems to be a general misunderstanding of a number of the issues before us today.

Mr F McCann: Usually at this stage of a meeting most of the questions have been asked. You and your officials have come here a number of times, and we do take on board that we live in difficult times; but there are ways of doing things that could not only deal with the difficulties that these funding arrangements have. You can bring in the community organisations or structures that have applied, sit down with them and tell them that, as of such a date, you are not in a position to pay EMA; because a lot of people, when they were making funding applications, did not factor that into the general funding.

Most organisations live on a cocktail of funding, where they get a large amount of money and then other pieces of money to build that up. If one part falls, it has a direct impact on the ability of the group to take it through. Maybe I am simplifying, but people should sit down at an early stage in the process and say what would be the consequences of not doing it, because many groups that have come here said, as David said, that the big problem is how this is communicated. Bytes, when we met them, said that they got a letter telling them that departmental funding was being cut.

I understand that what you are saying is that the final decision may rest with the Youth Council, but the fact that the Department has corresponded about this with the group could have a knock-on effect on the decision made by another organisation and impact on the group. However, if somebody had sat down with the group, offering them the opportunity to go through a disengagement process, all this might have been avoided. What you are saying this morning, Minister, and what the group is saying, are two completely different things. People can be taken through this. At an early stage in all these processes, it may be better to sit down with a group and explain the processes and the difficulties that may arise. I hope that, as a result of some of the stuff that has gone on over the past number of months, the Department will sit down, review their processes and hopefully come up with a better way of communicating with organisations and structures.

The two groups that members spoke about this morning, Include Youth and Bytes, deal with young people at the extremes of what we have talked about at this Committee for many years. I know that, in some areas, Bytes has helped communities to deal with the scourge of suicide, and in the Poleglass area it has been fairly effective. The decision that seems to have been made is seen as detrimental to the community and to the future wellbeing of young people in that area. Moreover, when it comes to Include Youth, and it goes back to what I said earlier about EMA funding, someone should have sat down and said, "Look, this is coming to an end; how do we progress this?" My understanding is that there was an underspend on the EMA. That may have left money to take you through the interim period when people were waiting on the possibility of new funding coming through. Was that considered and, if not, why not? It could have dealt with some problems.

Dr Farry: There are two points there, Fra, in response to all that. First, we are always willing to learn lessons in relation to communication. While things, to our minds, may always be very clear, and we are not dissembling about the reality of some of the funding allocations that we make in the sense that we are always clear as to the time-limited nature of the funding that is presented, at times people may settle into a particular way of being in relation to those resources. We may need to be more proactive in reminding people that things are coming to an end.

As I said to Tom, there was an issue with some piecemeal drawdown of that allowance, so it was not universal. On your final point, we cannot move money from one financial year to another. That is not possible under departmental or, more to the point, DFP or Executive rules; that is not an option for us. We have to spend the money in-year. However, where funds are not fully drawn down they are used for other purposes. We are not surrendering loads of money at the end of the financial year in relation to our interventions under the Pathways to Success strategy; if anything, it is the opposite. We are extremely stretched in what we do. After the end of the funding package through to March, we are incredibly stretched in what we can do around this. We appreciate that it is a vital area, not just in economic interventions but in the social interventions that you mentioned, which can save people's lives.

Mr Baker: I take Mr McCann's point. Sometimes, we look at things through slightly different lenses from those with whom we engage. It might look clear to us, but it might not look clear to others. We have dozens of funding programmes that fund hundreds of organisations and stuff is moving and changing and coming to an end. It is a point well made and it is well taken that we have to look at these issues and make sure that there is early engagement and warning. We have to be vigilant in that regard. I take your point; it is a valid one.

Mr F McCann: Earlier, Minister, you said that there are many organisations that would continue to pay for things out of their own resources. However, many organisations that work at the coalface on a

shoestring budget do not have the resources to shift money from A to B to deal with that. Those are the organisations that work every day with people who are in difficulties, and it is those organisations that may fall into difficulty. It might not be a bad idea, again, from a communications point of view, for the Department to sit down with those organisations — two of them are here this morning — and look at possible ways of working this out.

Dr Farry: Absolutely. Let me make it clear that we are not talking about switching money from one pool to another; we are talking about ESF money being used for ESF clients who have moved onto the ESF programme. There will be an information day on 5 May to work with organisations collectively. Officials will be more than happy to talk to organisations individually over the coming weeks to work through exactly how this will happen, not just in terms of any allowance but the wider issues to do with the delivery of their projects.

Mr F McCann: The Chairperson spoke for 40 minutes earlier —

Dr Farry: For longer than me. *[Laughter.]*

Mr F McCann: You said that the United Youth programme may throw up opportunities. Will the Department sit down with those organisations to explain to them what the opportunities may be? I thought that there was funding for one year only for the United Youth programme. If a group applies, it would be halfway through the process and the thing may be —

Dr Farry: Let me quickly outline the position on the United Youth programme. There are two different strands here; we are talking about the 2015-16 financial year, in which we are running a number of pilot programmes. We are working on a process of shortlisting from about 50 or so that are in the system; we have to get that down to 10 that will receive funding. It is only one in five, so it will be a very difficult process but one about which there is a degree of urgency because we are now towards the end of the first month of the financial year. That is a one-year-only financial intervention.

We are then looking to the wider roll-out of the programme over the remaining years of the next Budget from the Executive and Assembly through, potentially, to 2020. We need to look at how that will work. That work is under way. In practice, we will have to engage through Peace IV to deliver the resources. We are almost in a situation now where we are down to that being the only financial means available to us to deliver this.

When United Youth was envisaged by the First Minister and the deputy First Minister in 2013, we were in a radically different financial context and had different expectations, so our funding options from the block grant to deliver United Youth are extremely constrained. Peace IV will probably be the main vehicle by which it will be achieved, in partnership with what we do under the European social fund. That work is under way, but new opportunities may open up from 2016-17 onwards, particularly on the good relations aspect. We will come back to the Committee at the earliest opportunity to give a full run-through of United Youth and what is happening for the current year and for the future design work beyond that.

Ms Lo: I appreciate the Minister and his staff clearing up some misunderstandings, like the Bytes decision. I echo what my Committee colleagues said about communication, Minister. As you are aware, I worked in the voluntary sector for many years before I became a politician and value, as I know you do, its role. I still have confidence in our wanting to do the best for everyone.

That sector is very nervous at the moment; lots of jobs are being put out and the process of informing them is very poor. It is not just your Department; I have seen it in DOE, DCAL and OFMDFM. Morale is very low in the voluntary sector; it feels that it is not valued and that the rug is being pulled from under its feet, often at the last minute. It could have been done much earlier rather than saying, a week or two before the end of funding, "You are not getting any more funding from now on". Organisations are being told in April that funding ended in March, and they have to give staff four weeks' notice and then find money somewhere to pay staff. That is not the way to treat our partners in the voluntary sector.

Dr Farry: Let me be very clear, Anna, on a couple of points and take the opportunity to reinforce them. First, we have not been disengaging from the community and voluntary sector, neither have we been cutting resources to it; we have a bigger European social fund pot available to the community and voluntary sector. In that, because we are in open and competitive processes, certain organisations will have a perception of losing out because their funding will come to an end and they are not

successful in the incoming funding pot. In turn, other organisations will be successful. So, there is inevitably a degree of change and transformation in the pattern of funding available to the sector.

The second point is about timescales. Every programme under the outgoing European social fund knew that the programme was coming to an end at the conclusion of March. It is worth reinforcing one point. There is a perception that the Department took this to the wire and that groups were somehow disadvantaged by having to put staff on protective notice and by the huge uncertainty in the system. I certainly appreciate that people felt that.

However, there was nothing more that our officials could have done to get this process delivered any quicker than 1 April. Essentially, we exceeded our target of the end of March by several days for the vast bulk of decisions being made and communicated to organisations. The fact that we managed to have continuity from the outgoing European social fund to the incoming one is a huge tribute to the officials and all those who worked in the assessment process. Our colleagues in England and Wales are not in the same position; in England and Wales, there will be a gap of at least six months. In contrast to what is happening elsewhere in the UK, in Northern Ireland we have managed to bridge the gap. In other European funding programmes in Northern Ireland, we are still not in a situation where there is clarity on the way forward.

The European social fund is the first for which decisions have been made about future allocations for the forthcoming period. We are ahead of the pack. We have a European social fund operational programme agreed by the Executive in time for the deadlines and agreed by the European Commission in rapid quick time. However, the timetable allows us only four or five months in which to run the process. We have met and facilitated people in that context. Regrettably, there is an unfortunate transitional period that organisations must go through and which creates worry and uncertainty for individuals, but nothing more could have been done at our end to do it any quicker.

The Chairperson (Mr Swann): Sorry, can Anna come in?

Ms Lo: I appreciate that, Minister. I have been through Peace II and Peace III in my days working in the voluntary sector. I know that there is delay after delay, for months and months, as the tranches follow one after another. So, I appreciate that DEL has met that deadline very swiftly.

Can I pick up on a point that you made earlier about the 35% match funding and the ESF? Did you say that only in June will you know whether organisations will be successful with their 35% match funding?

Dr Farry: Organisations may be successful from this point onwards. However, they are under a requirement to have secured their match funding by that date, unless there is a backstop date by which that will happen. It is fair to say that we are worried about the situation. The bulk of match funding comes from outside the Department, but there are huge aspects of the public sector that are themselves under pressure. Their ability to engage in match funding for organisations might be compromised. I know, for example, that the Department of Health is under pressure, and it is often a match funder in a particular strand of the European social fund.

Ms Lo: So what will happen to the organisations whose funding started on 1 April and then, say, in June, they tell you that they cannot get match funding?

Mr Noble: If an organisation has not secured match funding by that date, it would be unable to accept the letter of offer because it must provide us with match funding certificates to confirm that its match funding is in place. The 35% match funding is crucial: if an organisation cannot obtain it, it cannot accept the letter of offer.

Ms Lo: That is in June, but projects all started on 1 April. How does that funding —

Mr Noble: If organisations are having difficulty getting match funding, they should flag it up to the Department. Organisations come back to us with information about a reduced allocation of match funding, so they are working with that. If a project is having difficulties in getting match funding, it should flag it up to us immediately so that we can take account of it.

Dr Farry: Obviously, Anna, projects make their own judgement call on how they manage risk. One can envisage a situation where organisation A is fairly confident of its match funding, and all it is

waiting for is a formal letter of offer from us and the clarification on the economic appraisal. It may have a different assessment of risk than, say, organisation B, which may be in an uncertain position regarding match funding. So, it would be wiser to be cautious about any initiation or project, although I would say that everyone needs to be cautious. Obviously, the economic appraisal and the letter of offer may slightly change the parameters, but that is the calculated risk that people will take. People can claim money from 1 April under the programme.

Ms Lo: Is that until they say that they can find match funding?

Mr Noble: As the Minister said, we have an event next Tuesday with our successful applicants so that we can go through the whole process with them.

The Chairperson (Mr Swann): Minister, Anna has led us on to ESF.

Dr Farry: Yes, seamlessly.

The Chairperson (Mr Swann): Minister, of the organisations, 65 got through at the start on the ESF, two got through on appeal in phase 1 and one got through on appeal in phase 2. The total commitment was 68 organisations, which got £112.5 million. What was the total pot for the ESF?

Dr Farry: The total pot is about £246 million. Is that right, John?

Mr Noble: It is about £246 million for the seven-year period.

Dr Farry: That is pounds, rather than euros.

The Chairperson (Mr Swann): You said you were 7% or 8% overcommitted. Where does that come from?

Dr Farry: It should be appreciated that there are two different phases to the European social fund and that this is the initial three-year period. The process is for a seven-year programme as a whole. If you want to split that up across the spectrum of years, you will find that we are probably overcommitted about 7% or 8% in what we would wish to allocate for the initial three-year allocations. Subject to the UK remaining in the European Union — I stress that as a slight risk in the system — the money we have from the European social fund's allocation is available to us through to 2020 and beyond.

The Chairperson (Mr Swann): It is a seven-year programme, and you have allocated so much for the first three years. Who made the allocation of the £240 million? Is it the Department that decided how much —

Dr Farry: Yes, we have discretion over that, but it is like anything; you have to budget across the period. If we blow the entire budget in the first couple of years, we will not have a programme.

The Chairperson (Mr Swann): If we are to come out of the European Union in three or four years' time, would you not be better blowing it all?

Dr Farry: If it seems that that is the likely scenario, we will reassess. But fingers crossed on that, for a whole host of other reasons, including, I stress, the farming interests in the North Antrim constituency. I anticipate that that would not be the wisest decision to recommend.

The Chairperson (Mr Swann): On a serious note, Minister, we are looking at organisations that have scored above the threshold but have not met the financial scoring to draw down the money. Is there an opportunity to bring money forward from the second part of the programme?

Dr Farry: In theory, yes. In practice, we would need to be incredibly cautious about doing that. I think I am at the point where we are probably at the upper end of where we would want to be with an overcommitment. Derek, as accounting officer, you may want to come in on that, because it will be on your head. You brief on budgets and that sort of thing.

Mr Baker: I must say, Chair, that I was very nervous about your suggestion about going up front and letting the devil take the hindmost [*Laughter.*] The initial £112.5 million is, in crude terms, three

sevenths of the money available, so we will have another call for projects. That decision was taken up front. Other constraints come into play as well, such as our ability to provide match funding. The Department is committed to providing 25% match funding. We have covered that off. Within the Minister's very constrained budget, he has pretty much identified the 25% match funding. We are at some risk there, but that is our risk, and we will take it. Then obviously the organisations have to find some. If we front-loaded the whole thing, it would place huge pressures on us, but then there would be nothing whatsoever left at the end of the programme, so we will phase it over the seven years.

The Chairperson (Mr Swann): I think that John mentioned some organisations that were not going to take up their follow-up allocations or that were looking for reduced allocations or, if they cannot find match funding by the end of June, as Anna said, all their money comes back in. What happens to that money? Is it reallocated further down the list? Is it offset to the Department?

Mr Baker: I will defer to John on this, and he will correct me if I am wrong. We certainly will not keep it. If a lot of organisations came back on foot of the letter of offer and said, "Do you know what? We cannot accept this letter of offer, because we just can't identify the 35% match funding from another source", we would have to look at it again. In theory, it is possible that we could drop down the merit order list of organisations and include other organisations that were above the basic quality threshold but that perhaps did not meet the funding threshold. I will ask John to confirm that —

Mr Noble: That is correct.

Mr Baker: — to make sure that I am not misleading the Committee.

Dr Farry: Further to that, members will probably recall that funding decisions were taken in 2011. Certain organisations were funded, and others were not. Under the economy and jobs initiative, which the Executive agreed in the autumn of 2012, the Department bid for additional resource, which allowed us to move further down the merit order list that was created in 2011. A year later, we were able to go back to some projects. The lists remain live for a period of time.

The Chairperson (Mr Swann): Next Tuesday, letters of offer are being issued, and there are workshops. You mentioned a further economic appraisal at that stage.

Dr Farry: This is the Civil Service, John. Explain yourself.

The Chairperson (Mr Swann): That is what we have been trying to do for the past couple of months.

Mr Noble: Economic appraisals are completed on every project. Obviously, they will be signed off internally by our economist. The work is prepared by the managing authority initially, and our economist in the Department then signs them off. Over the next few weeks, we will get them signed off by our economist.

The Chairperson (Mr Swann): What if he does not sign them off?

Dr Farry: Or she.

The Chairperson (Mr Swann): Or she.

Mr Noble: In my experience, if the work has been well done in advance, there have been no issues with economic appraisals being signed off.

The Chairperson (Mr Swann): Does that mean that there is no opportunity for another organisation to be thrown out because of that?

Mr Baker: In theory, yes. I can imagine you, Chair, and your colleagues sitting there asking, "What is this bureaucracy?". The rules that exist require me, as an accounting officer, to make sure that more or less every penny we spend is subject to some kind of economic appraisal. That extends to the individual projects that will be supported, because our own money, as well as European money, is being put into them. We will do a proportionate economic appraisal of each and every application. The basic information to allow us to do that economic appraisal was included in the application form. We will do that quickly. They go through a process. Our economists have to look at them. I expect

them to all be signed off, because they have gone through a fairly rigorous process. I would be shocked if any significant number failed. A few questions may be raised. If, however, in theory, an organisation failed for some reason, it would probably be in the same scenario as the organisations that are not getting match funding so would drop down. It would be in extremis and highly unlikely.

Ms Lo: Is that not a duplication, Derek? You have done the first stage, which is the financial capability assessment.

Mr Baker: That is a little bit different. Effectively, an economic appraisal is a value-for-money assessment. The financial capability was just looking at the organisation's financial health and its ability to sustain the application. I understand how you might see some duplication, but there is none; they are two separate processes. I assure the Committee that the economic appraisals will be, to use the jargon, proportionate. That means that we will do the minimum to meet the requirements, but we will not extend the bureaucracy.

The Chairperson (Mr Swann): Minister, I am conscious of your time. We have a number of members indicating that they wish to speak.

Ms Sugden: Thanks for the presentation. Labouring the point about the match funding that has to be ticked off by June, was it part of the scoring process for the applications that each applicant would be able to secure match funding? In my rationale, that would be the first thing that you would look at so that we would not have a gap if they were not able to and we brought more people on board.

Dr Farry: We would certainly identify where it was going to come from. John, do you want to elaborate on that?

Mr Noble: It is not part of the scoring or assessment process, but they had to indicate to us in their application where the match funding was coming from. They would have detailed that in their application form. However, many of the match funders gave caveats that said that they would match fund on the basis that they would secure the funding because of the timing of all the budget issues at the time. So, you were getting confirmation from match funders that they would provide match funding, subject to their budget availability afterwards. The timing was not great for getting the match funding signed off.

Ms Heather Cousins (Department for Employment and Learning): I will add that it was certainly part of the financial capability assessment, particularly where organisations were saying that they were going to match fund themselves. We needed to see whether they had sufficient resource to do that.

Ms Sugden: Was that clarified and confirmed? I am assuming that, come June, we will not have many organisations that will not be able to meet that. If we do, that, to me, is quite a big issue.

Ms Cousins: It was part of the detailed financial capability assessments for those who said that they were going to match fund themselves. We are satisfied that they had sufficient resources, or looked as though they did, to be able to do that. For those who have to secure it from other organisations, there is the potential risk that they may not get as much as they hoped to secure.

Ms Sugden: I understand that a number of groups have not been successful in their ESF applications, and they have, 100%, secured the match funding for it. Come June, it would be a bit of a tragedy that some of the groups that have secured ESF come back and say, "Well, actually, no, we couldn't secure that match funding". To me, that means that we are delaying it even more.

Dr Farry: A possible scenario in that situation, Claire, is that they may get a portion of their match funding. If the match funder is going through budgetary difficulties, they may opt to cut it entirely or to have a proportionate cut in that context.

Mr Noble: If you find that you are not going to secure the full 35%, you can reduce your letter of offer value to the proportion that you can get. Say, for example, you have a £100,000 project, you need to get £35,000 as match funding. If you secure only £20,000, we can work with you to reduce your letter of offer and your objectives in line with that. So, we will still be able to fund a portion of it so that you do not lose out.

Ms Sugden: Can I assume that that money would go back into the pot and be potentially available for other groups that may not have got past the threshold?

Dr Farry: Yes.

Ms Sugden: Sorry, I have one more question, Chair.

Fra referred to a lot of groups operating on a shoestring when coming to the end of these funding projects, and the issue is whether they should have to go on to protective notice. I do not agree with you when you said that you do not take this process to the wire. I think that it is so close to the wire that a lot of groups have been choked by it. We are in the situation now that, in the next few months, groups are just going to disappear.

I am very disappointed by this whole process, because I think that it could have been dealt with in a bit more — let us just say that I am disappointed by it. I do not even want to say that a clinical approach was taken, because I think that it was quite a mess. No consideration was given to who this ultimately affects. This feeds right down to service users, that is, the community and voluntary sector and the most vulnerable in our society. That is who will be affected by this whole process. It may be a really harsh lesson that needs to be learned about how we approach these things in the future. These funding pots are fantastic and help a lot of people, but they eventually come to an end, and people are left built up. We are almost building them up for a fall, and there is a big hole there. That is my big concern.

Dr Farry: That problem is endemic in any European structural fund and in an open and competitive process. What has happened this time around is not any different to what has happened the past, albeit that this is now happening in the context of there being much more pressure on public expenditure. Organisations perhaps have fewer options. For many of them, the stakes in securing the European social fund have been much higher than previously. However, I am at a loss as to how you are proposing that we would have done this to different timescales. We had our operational programme signed off by the Commission — I think it was —

Mr Noble: On 12 December.

Dr Farry: — only on 12 December, and that was quick. We were one of the first programmes across the European Union that the Commission signed off, so we have been driving this very aggressively.

I appreciate that a particular issue has arisen on what some organisations felt was the potential ambiguity of management accounts. We intervened to correct that. That would give you the impression that that intervention cost us time and that that was why, in the end, we made announcements at the end of March. However, our original timetable for taking decisions was still taking us towards the end of March and almost to the beginning of April. On the back of what happened with the management accounts, we compressed the timetable very tightly to accommodate the lost time. So we caught up on ourselves, and that involved a lot of hours. I think that it is worth me putting on record my thanks and appreciation to John and all the staff of the European social fund's managing authority for the very long hours that they have been putting in over the past number of weeks to get us to where we are today. Let me stress that this has not been a nine-to-five, Monday-to-Friday operation for people; they have really pushed themselves to the limit to get to where we are today.

That said, we still have a wider problem — this is not particular to the European social fund — that is worth reflecting on. It may well be that we need to have collective discussions in the Executive or, indeed, in the Assembly to see whether there is a better way of doing this. Given where we find ourselves, I do not believe that we could have done it any differently or any quicker.

Ms Sugden: Just to respond to that, I agree that it is a wider problem. However, because it has been acknowledged that this has happened time and time again, I think that we should have learned from it by now. That is something that the Executive need to sort out.

I appreciate that there was a beginning and an end to ESF applications and that you stuck to that, but my problem is with all the disjointed and unexpected deadlines that happened in between. Individually, that has really hit some of these groups quite hard, and I think that, moving forward, we need to look at that seriously.

Dr Farry: You are saying that, if we had stuck to the letter of what was said about deadlines and the application process, we would have had a perverse outcome today. In practice, we showed a degree of flexibility and adjusted in the light of what was happening on the ground. That has allowed us to ensure that we have delivered a successful outcome. To put it in very crude terms, a vast number of organisations were originally ruled out in phase 1 — I think that 66 organisations went through. If we reflect on the fact that we are recognising 68 projects, we see that that is in excess of the number of organisations that were originally going through in phase 1. If we had not intervened to correct that ambiguity at the time, we would not be where we are today.

Ms Sugden: My criticism comes more from the fact that the process itself was flawed. A lot of lessons need to be learned from that. I am not being picky about deadlines; I am saying that it was because of the process that we had to have all these intermittent deadlines. Moving forward, we really need to look at this. I look, as I said, at how this affects people on the ground. A lot of groups are devastated by all this.

Dr Farry: With respect, you cannot leave a term like "flawed" hanging there without spelling out the way that it was flawed.

Ms Sugden: The previous Committee meetings that we have had on the issue clearly highlighted how it was flawed. We had to look again at the applications. Some people felt that the process was not fair because the conversations that some civil servants had were inappropriate. I could go into this, but I think that we have already laboured these points.

Dr Farry: I wish you would go into it. If you are saying that civil servants have had "inappropriate" conversations — that is a word that you have very deliberately used and placed on the record — we would utterly refute that any inappropriate conversations or behaviour by any civil servant took place in relation to any organisation. People may have construed or misperceived things, but there is no evidence to back any of that up. If you want to insinuate that there is something there, please put it on the record and allow us to address it.

Ms Sugden: Maybe I will come back to you on that. I think we have Hansard reports that say that those criticisms were made. I do not think that I am making comments out of thin air on my own.

Dr Farry: You are saying that there was inappropriate behaviour by a civil servant. Please back that up.

The Chairperson (Mr Swann): Minister, what Claire is highlighting has been raised. It is on the record that, in the past, some organisations were hearing that others had received information and emails that they had not and that there had been communications. I am not putting words into Claire's mouth, but the inappropriateness, I think, is about not all organisations not being treated equally or fairly in communications and timelines of communications. We have raised that in the past with you.

Mr Buchanan: I will be very brief. Minister, a number of organisations lost out even after the appeal. You will appreciate that some of those organisations are sore about that, simply because of what they had been delivering. Now it seems that they are being left in the lurch, if you like. Is there any way forward for them?

The other issue is that my ear has been bent by colleagues who are associated with some of these groups. The groups are coming to them and saying, "We have lost out; is there anything that we can do?". Is there any scope for a meeting with any members of your Department on any of the issues?

Dr Farry: Now that the process has concluded, we are content to meet organisations to discuss the outcomes of the process. We cannot revisit decisions that have been taken, and I think that it is important to stress that we have had an open and competitive process. I appreciate that organisations will contact other Members and will make their views known and that Members will wish to convey those views to the Department. However, it is worth stressing that, if that is a line that people want to go down, and if they want to go in to bat for particular organisations, in essence, that is basically suggesting somehow that those organisations are of greater merit than the organisations that have received funding. I am satisfied that we have run a competitive process, and it is important that decisions are based on fair, open, objective and transparent criteria. Unfortunately, some organisations will be successful, others will be successful but will not be at the threshold from which we can give funding, and others will be unsuccessful. People have had the opportunity to have an

appeal, and those have been heard. We relayed today the impact of those appeals from organisations. Two organisations moved within the scoring framework. One move was not sufficient to bring them into the funding envelope, but, for another, it was. That is the process, and it has been clear from the very early guidance notes on all this.

The Chairperson (Mr Swann): Minister, what was the reason for that one organisation being brought back in following the appeal in the second phase? Was it procedural, or was it to do with scoring or additional information?

Dr Farry: They can appeal, and the appeal is, in essence, a review of the reasonableness or otherwise of the scoring. In that context, the original panel would look at it again. That is what happened. There has been a movement. I think the fact that we have had relatively few appeals upheld indicates the underlying integrity of the original scoring mechanism, in that the appeals panel found that most of the decisions taken were reasonable. Yes, occasionally, there will be a movement.

The Chairperson (Mr Swann): Organisations have requested their scores and the rationale for them. Is that available to everybody?

Dr Farry: I stand to be corrected, but we can give an organisation its score but cannot release the overall scoring matrix and the league table of organisations. That is due to commercial sensitivities and data protection, because we do not want to go down the road of indicating where people have been unsuccessful. If people wish to communicate that through other means, that is their affair, but, as government, we do not want to be in a situation of saying, "Here are the winners".

The Chairperson (Mr Swann): If an organisation asked for its score, would it receive the scoring sheet with the rationale for why it received that score?

Dr Farry: That is what they are entitled to.

Mr Noble: When an organisation got its letter, it could have requested its assessment scoring sheet along with its overall score.

The Chairperson (Mr Swann): Does that give notes on why the scoring panel scored it that way?

Mr Noble: It gives notes. In that assessment panel, there is an indication of the panel's notes on why it has given that score.

The Chairperson (Mr Swann): Is that available to everybody?

Mr Noble: That is available to everybody.

The Chairperson (Mr Swann): I will have no organisations coming back to me, John, and saying, "We did not get scores or notes".

Mr Noble: It was offered to every person and to every organisation that applied and got a letter. They were offered that.

The Chairperson (Mr Swann): Can they still apply for it?

Mr Noble: Yes, they can ask again, if they have not done so.

The Chairperson (Mr Swann): Minister, I am aware that you said that you could stay until 11.30 am.

Dr Farry: You are OK, if you want one more final question.

The Chairperson (Mr Swann): Can you give us an update on the Bytes project?

Dr Farry: Once we find out what is happening with the Youth Council, we will get in touch to let you know where it is heading.

The Chairperson (Mr Swann): Following Fra's line of questioning, you were really saying that you are the match funder to the Youth Council.

Dr Farry: That is with a small "m". It is not a formalised structure.

The Chairperson (Mr Swann): If the Youth Council has already been made aware of that and possibly thinks that you are withdrawing your funding, it may be looking at this going "If the Department has pulled out of this, we should be looking at our funding". Actually, by your departmental officials' indication, Bytes may lose your small "m" money. It may say, "If the Department has pulled out, we can walk away now". Maybe the influence of your Department affects this.

Dr Farry: I would be surprised if the Youth Council was not aware of the true position of our current departmental thinking on the issue. We will double-check that point.

The Chairperson (Mr Swann): If the Youth Council has allocated its funding to Bytes at a 20% reduction, do you have that budget available in your Department and already assigned?

Dr Farry: I am not sure of the precise detail on that, but it may be something that will end up being a pressure. We will not be taking a decision on this in isolation from where the Youth Council goes on it, and, if it becomes a pressure, it becomes a pressure. Like any big organisation, we run our own pressures over the year, and our budget is our estimates over the forthcoming 12 months. There will be all sorts of twists and turns in that.

I will say to the Committee, however, that, in the context of the Youth Council taking a certain decision, I would find it difficult to justify a situation where we would fund it in excess of what the Youth Council was doing or, alternatively, on a free-standing basis. In essence, it would then be a dedicated funding award outside the context of other processes that we have.

The Chairperson (Mr Swann): Minister, once again I thank you for giving your time to the Committee.

Dr Farry: It is always good to be here.

The Chairperson (Mr Swann): Not all Ministers make themselves as available as you do.

Dr Farry: I am sure that I will be back again.

The Chairperson (Mr Swann): I am sure that you will as well.

Ms Lo: As the Chair of the Committee for the Environment, I echo that.