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FROM: IAN MAYE
PS/MR SEMPLE
28 NOVEMBER 1997

cc Mr Quinn
Mr Hewitt
Mr Sullivan
Mr Thomson
Mr Layberry

PCC MEMBERS

**ASSISTANCE TO COMMUNITY AND VOLUNTARY SECTORS:
SUSTAINABILITY**

I attach a draft submission which Mr Semple proposes to put to Ministers. Before doing so, he would welcome any comments PCC colleagues might have. May I have any comments by 3 December 1997.

Many thanks.

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Peace package for
97 Smy - general

Ian Maye

IAN MAYE

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DRAFT 25/11/97

FROM: J L SEMPLE

DATE: NOVEMBER 1997

cc PS/Mr Ingram (DED,L&B)
PS/Mr Worthington (DENI, DHSS &L)
PS/Lord Dubs (DOE, DANI &L)
PS/PUS (B&L)
NI Permanent Secretaries
Mr Steele
Mr Thomas
Mr Blackwell
Mr Watkins
Mr Quinn
Mr Cowan
Mr Layberry
Mr Sullivan
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1. PS/MR MURPHY (DFP,B&L)
2. PS/SECRETARY OF STATE (B&L)

ASSISTANCE TO COMMUNITY AND VOLUNTARY SECTORS :
SUSTAINABILITY

1. The question of what might happen to schemes funded from eg the EU Peace and Reconciliation Programme (EUPRP) and the IFI, when those sources dry up, has been raised in a number of contexts recently. The Secretary of State asked for an overview.

The wider picture

2. The community and voluntary sectors in Northern Ireland cover over 5,000 organisations and employ some 30,000 paid workers (although many are in part time employment). The sector receives very substantial funding from both government and quasi-government sources. To give a flavour, over the 3 years 1995-1997, it is estimated that departmental programmes will contribute some £420m, the EUPRP £100m, the IFI £30m and the

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National Lottery £17m. On average, almost £190m per year. The level of all this funding in Northern Ireland is estimated by NICVA to be double the amount received by similar organisations in the UK as a whole.

3. A list of the programmes which make grants to the community and voluntary sectors is attached at Annex A. It should be noted that some rather than the totality of these budgets are allocated to the community and voluntary sector. However the Annex illustrates the diversity of funding sources.
4. The c £140m per year from public expenditure sources comes from a wide range of programmes which span almost all NI government departments. The scale of and relationships between the various programmes supporting the sector is the subject of a cross-cutting review within the context of the NICSER. DOE is leading this exercise.

Future prospects

5. As part of the NICSER, Ministers will need to take a general view of how PE support for the community and voluntary sectors should be structured; and on what scale it should be provided. This will depend on how it is prioritised alongside health, education, industrial development, housing, roads, etc etc.
6. So the issue is wider than what might happen when the EUPRP and IFI come to an end, and what options might be available to Ministers. However some milestones are worth noting:

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- (a) the EUPRP's 1998 and 1999 allocation (the second tranche) will probably fund some level of expenditure into 2000/01 with residual expenditure in 2001/02;
 - (b) the IFI, if it receives no further donations beyond 1999, is likely to cease proactive activities in 2000/01;
 - (c) other existing EU Structural Funds Measures (eg LEADER, URBAN, PSEP) which require PE cover from the Block, will likely fund expenditure to about 2001/02;
 - (d) NI's Structural Fund allocation post 1999 will be determined as part of the UK negotiation. Since NI will clearly not meet the GDP per head criterion for Objective 1 status, it is likely that the post-1999 Structural Funds allocation will be phased down over a number of years in the new millennium. Nor can we assume that the existing Community Initiatives will continue. There is, therefore, likely to be considerable competition for the available funds from all current beneficiaries, including the community and voluntary sector.
7. Thus, unless other variables change, the prognosis is that the existing (very high) level of PE (including EU) support to these sectors is set to decline over the early years of the new millennium. While the decline will not take the form of a single cataclysmic reduction in, say, 1999, there will be no additional PE in the Block to cover activities currently funded under the EUPRP or the IFI.

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8. This likely reduction in support is recognised by the community and voluntary sector (and was noted in NICVA's 1996 almanac) and the sector is already addressing the issue of sustainability, with a number of conferences held, or in the pipeline. These emerging discussions provide the opportunity to plan for the changes. The interdepartmental Social Steering Group will also be considering the issues.

9. The 3 MEPs' recent report on the EUPRP recognised the issue and attached considerable importance to it. The report stated that

:

"Some organisations embrace the notion of sustainability, but seem to mean by that that their particular projects should be rendered sustainable by means of funding from other sources after 1999; whereas we take the term to mean that the project concerned is either a once-off, stand-alone action which will not need to be repeated, or one which will be self-financing in the future". The report goes on:

"In the light of these realities painful decisions will have to be taken by those whose responsibility it will be to approve both new and repeat applications for funding. The sooner this is explained to the public by those with responsibility and faced up to by all concerned, the better."

Options for Ministers

10. The following options, not all mutually exclusive, might be available:

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- (a) "mainstream" the EUPRP/IFI etc projects, or at least the best of them, by providing PE cover at the expense of existing Ministerial/departmental priorities

- it has to be said that departments generally regard many of the projects funded (particularly by EUPRP but also some other programmes) as of much lower priority than their baseline programmes. Given a free choice, Ministers may not wish to allocate significant amounts of scarce PE resources to these purposes. The recurring difficulty which departments (eg DANI, DED) experience in providing PE cover for EU programmes points this up in very practical terms.

The health and education priorities will tend to accentuate this problem, since those programmes are likely to continue to command a growing proportion of the Block, leaving less for other claimants, including the community and voluntary sectors;

- (b) seek to increase the community/voluntary share of post-1999 EU Structural Funds - though this would almost certainly distort priorities since Ministers/departments would need to transfer PE cover from within their baseline provision. Indeed in any case, the European Commission is likely to seek to give greater prominence to community/voluntary type activities under any new programmes which could produce a significant distortion to Ministerial priorities;

- (c) seek to engineer a "softer landing than otherwise". This might be pursued by a combination of making financial sustainability a major feature of the EUPRP second tranche; by funding time-bounded projects with no commitment to future funding; by

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whatever level of "mainstreaming" Ministers regarded as acceptable; and by retaining other existing PE inputs to the sectors at whatever level Ministers judge acceptable in terms of their implications for the health, education and other priorities.

- however it has to be recognised that relatively few of the Social Inclusion-type projects funded by EUPRP (eg funding for development on outreach workers, running costs for community offices, support for ex-prisoners' or women's groups) and many of the other programmes have the potential to become financially self-sustaining. Many are inherently dependent on PE inputs;

- (d) let nature take its course, on the basis that the EUPRP and IFI are special programmes whose relevance diminishes as peace continues and prosperity increases; and that the community and voluntary sectors should compete for PE on even terms with hospitals, schools, industrial development, water and sewerage, roads and the rest. This is probably closest to the 3 MEPs' tough approach.

Summary

11. Ministers will need to consider the implications (financial, presentational and political) carefully before adopting a strategy. However DFP's judgement is that Ministers are unlikely to commit the PE implied by a full-blooded "mainstreaming" strategy, and that the "softer landing" option may prove best.

PROGRAMMES WHICH MAKE GRANTS TO COMMUNITY AND VOLUNTARY SECTOR

Programme/Budget £m

1. Making Belfast Work-£20m

The Initiative addresses multiple deprivation in the most economically disadvantaged areas of Belfast., by providing assistance to voluntary and community groups and supporting a range of projects designed to increase the employability of residents and to improve the quality of life. For example, MBW funds a number of training projects focused on the educationally disadvantaged and schemes seeking to address problems of women, children and young people.

2. Londonderry Initiative-£3m

Similar to the MBW initiative in aims and methods, but also has a greater focus on physical regeneration such as provision of library and nursery facilities, and environmental improvement works in derelict areas.

3. Community Regeneration and Improvement Special Programme-£6m

Jointly funded by DOE and IFI (International Fund for Ireland) this programme is targeted at disadvantaged small towns and offers a funding package which includes assistance to community groups for property related core projects and grants to commercial property owners under the Urban Development programme and Environmental Improvement Schemes.

4. Community Economic Regeneration Scheme-£2m

Jointly funded by DOE and IFI (International Fund for Ireland) this programme provides a unique way for local communities to become involved in the development and ownership of major economic assets in areas where the private sector has been unwilling to invest. In general terms the scheme have involved the provision of retail, industrial, office commercial and community facilities in order to provide employment opportunities and training and community facilities in disadvantaged or run down areas which have failed to attract private sector interest.

5. Rural Development Programme-£6m

The Rural Development Programme aims to help the social and economic regeneration of the most disadvantaged rural areas of Northern Ireland. This is achieved by creating partnerships between the public, private and voluntary sectors within those

areas. There are 3 main measures to progress this aim: helping rural communities to develop regeneration programmes for their areas; developing area based strategies targeted at particular areas of disadvantage; and continuing the Government's support for community based regeneration projects.

6. 1994-99 Leader Programme-£9m

Invests in local partnerships (action groups), firms, associations and authorities in rural communities, promoting rural development, supporting SMEs, value added agricultural products and tourism.

7. Voluntary Activity Unit DHSS-£13m

Funds voluntary and community projects. Includes grant to 78 voluntary organisations for expenditure in the health and social services fields, to District Councils for community services, including advice services, and for the Community Volunteering Scheme.

8. Action for Community Employment (ACE) -£29m

The aim of the ACE Programme is to provide temporary employment of up to one year's duration for long-term unemployed adults in a wide range of projects of community benefit, so as to prepare them to compete more effectively for available jobs. ACE projects are sponsored by voluntary organisations or community groups and are under the direction of Management Committees comprised of voluntary representatives from the local community, although some District Councils are also involved.

9. Central Community Relations Unit (CCRU) - £3m

Provides funding for a wide variety of cross-community activities intended to promote better community relations. CCRU also funds the NI community Relations Council, which acts as a funding body providing grants to community relations groups.

10. Community Relations Council-£2.4m

The Community Relations Council provides funding to support the activities of a range of community groups active in promotion of community relations.

11. Dept of Education Community Relations Programme-£4m

Funds voluntary groups operating reconciliation programmes for young people, the Cultural Traditions programme for young people and the Schools Community Relations programme.

12. 1995-97 EU Peace Programme Social Inclusion Measure-£55m

The range of activities funded address the specific difficulties faced by vulnerable groups and others at a disadvantage such as victims, children and young people and those previously caught up in violence including prisoners and ex-prisoners. It also aims to encourage grass roots and cross-community cooperation, especially in the most deprived areas in Northern Ireland.

13. 1995-97 EU Peace Programme District Partnerships-£42m

Funds 26 District Partnerships. Projects assisted encompass all measures of the Peace programme but are predominantly social inclusion in nature.

14. 1995-97 Other Peace Programme Measures-£38m

Other activities funded under the Peace Programme include the Community Based Actions of the Rural Regeneration Sub-Programme, where £3.6m has been allocated to the Rural Development Council (in association with Rural Community Network) to promote peace and reconciliation between communities in rural areas. Community groups are also eligible to apply for funding under the Urban Regeneration Sub-programme (£18m). Several agencies are involved in the implementation of the Employment Sub-programme, including NIVT (£1.2m), Training for Women Network (£3.1m), Educational guidance service for Adults (£2.9m) and the Childhood Fund (£3.4m). Finally, NIVT have responsibility for a further £6m under the Cross-border Community Reconciliation Measure of the Programme.

15. 1994-99 Single Programme Measures-£203m

Measures covering local development, Targeting Community Need, Community Infrastructure, Training for Special Target Groups, Capacity Building and Community Regeneration Projects in Rural Areas.

16. 1994-99 Other Community Initiatives-£27m

Other EU Programmes have elements which are specifically targeted at the voluntary and community sector. Initiatives such as Urban, developing selected urban areas in Belfast and Londonderry, Employment training for unemployed and Interreg which promotes cross-border cooperation.

17. International fund for Ireland-£30m(over last 3 years)

Aims to promote peace, stability, dialogue and reconciliation in Northern Ireland through economic regeneration. It gives priority to the most disadvantaged areas. The funds shown above have been allocated to non-sustainable projects.