

cc Mr. Gibson
Mrs Kenny

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Netherleigh

Massey Avenue, Belfast BT4 2JP.
Telephone (0232) 63244 ext
Telex 747152 DECDEV
Facsimile (0232) 761435

Mr C Buckland
Local Enterprise Development Unit
LEDU House
Upper Galwally
BELFAST

30 April 1990

Dear Chris

LEAKAGE OF FUNDS TO PARAMILITARY ORGANISATIONS

I spoke some weeks ago to Kevin McCann about the issues raised by the "McGlinchy" case and the procedural weaknesses within LEDU which it revealed. I thought it would be useful to set down on paper the general principles which should govern this sensitive area.

As you know the background to this issue is the 1985 statement of the then Secretary of State on the Government's policy towards grant-aiding projects that could improve the standing, or further the aims of paramilitary organisations. Since then, where LEDU had reason to believe that a client might fall within this definition, advice has been sought from DED in each case. We recently agreed to tighten up this procedure by agreeing that all LEDU referrals should come through you or the appropriate Programme Director to me or my deputy Deirdre Kenny.

I am concerned that there may be a general perception among some LEDU staff, as evidenced by the response to Mr McGlinchy's assumptions about a "vetting" procedure, that they have an active role to play in establishing the security status of applicants. This concern springs in no small part from the very real threat this could pose to the physical safety of LEDU staff should this misperception spread to the wider public. I consider it essential therefore that all staff, but especially managers, are made fully aware of the context of this issue and that they are conversant with the procedure to follow in future cases.

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It is important to emphasise that in assessing any client's eligibility for assistance LEDU should continue to deal with each case on its economic merits. They should not actively seek to establish the security status of any applicant. Where from information received there is reason to believe that any assistance would be used to improve the standing or further the aims of a paramilitary organisation, staff involved should alert their line manager who in turn should advise the appropriate Programme Director. Once the proper LEDU authorities have been notified the member of staff responsible for the client in question should continue to deal with the application in the usual manner unless instructed otherwise by senior management. LEDU HQ will, where appropriate, forward the query to me for advice. In my absence Deirdre Kenny will deal with any queries on these cases.

I would stress that at no stage should LEDU staff either reveal or confirm to applicants that there is a clearance procedure. I understand that in Mr McGlinchy's case it was he who raised the issue but it is not outside the bounds of possibility that a similar case could arise in the future and it is important that staff are properly briefed to deal with such cases.

Finally, I understand that you had intended referring Mr McGlinchy's case to me for advice. To date I have not received any correspondence. If you still intend to seek advice on this case I would be grateful if you would confirm and forward any relevant papers to me as soon as possible to help minimise further delays.

Should you wish to discuss this case or the wider issues involved, I would be happy to oblige.

Yours sincerely

P SIMPSON

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