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FROM: Chris Maccabe
Associate Political Director (B)
12 December 2003

cc: see distribution list

John Spellar (B&L)

LOYALISM

Summary

- Issues:**
- (i) The need to ensure the various shades of loyalism don't feel excluded from dialogue with Government.
 - (ii) Giving impetus to the task of addressing the needs of working class loyalist areas within the context of mainstream programmes.
- Timing:** Current.
- Presentational issues:** Good news insofar as it shows we are anxious to keep loyalism on board but, given the volatile nature of that section of the community, a project that requires careful handling.
- Recommendation:**
- (i) That you agree to a series of meetings with the PUP, UPRG and Loyalist Commission early in the New Year for continuing dialogue on the matters of concern to them.
 - (ii) That you note the material in the Annex in preparation for further discussion with officials.

Detail

As a follow-up to the Secretary of State's note of 2 December (not to all) I thought you would want some early advice on the way forward. I will begin with an assessment of the present attitude of each of the main loyalist groupings.

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The UVF Constituency

2. For many years the political interests of the UVF have been promoted by the Progressive Unionist Party (PUP). Although the Party suffered a setback in the Assembly election, losing street-wise MLA Billy Hutchinson in North Belfast (though he remains a member of Belfast City Council), the Party leader, David Ervine was re-elected. At their post-election meeting with the Secretary of State they were philosophical and showed no sign of being under pressure from their supporters. They were, however, concerned about the lack of cohesion and vision in the loyalist community, and emphasised the need to find out what that community really wanted. They said society at large, and Government in particular, had to show loyalism "pathways out of the jungle". They reported also an incipient feeling in their ranks that the full weight of the law seemed to bear down on loyalists while a blind eye was turned to mainstream republican wrongdoing.

3. It is reasonable to assume that the PUP will continue to be a significant voice in the loyalist community, and that Ervine's contribution during the forthcoming review of the Agreement will be constructive. While the PUP/UVF axis has traditionally been pro-Agreement, many of their grass roots supporters have been ambivalent at best. Although, for decades, no love has been lost between the PUP/UVF and the DUP, the DUP's election success will have been welcomed by many loyalists, including PUP supporters, who have little time for David Trimble and his progressive brand of Unionism. It will be interesting to see if the DUP are prepared to repay this allegiance by doing more to address the concerns of the loyalist community.

4. Although the PUP will be participating in the review, it will be important to keep close to David Ervine on his wider agenda. Your meeting with him on Monday evening was a good start.

The UDA Constituency

5. Government's relations with the less centralised UDA constituency have been more complex. Until the formation of the Ulster Democratic Party (UDP) in the mid-

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1990s, there was little contact with anyone close to the organisation. This changed with the arrival on the scene of the UDP and that Party, like the PUP, made an important contribution to the negotiations that led to the Belfast Agreement. Unfortunately, the Party didn't manage to return any MLAs to the new Assembly.

6. Unable to participate in the Assembly, the Party's influence within the UDA constituency began to wane and their ability to represent the views of those for whom they claimed to speak politically was significantly diminished. With the eventual demise of the Party in 2001 there was a short period when communication with that section of loyalism was almost non-existent. Officials did retain some contact with the UDP's former leaders, Gary McMichael and David Adams. But they themselves became uncomfortable with this because their own values and their positive stance on the Agreement were at variance with the views of the UDA, which had by then become largely anti-Agreement.

7. The demise of the UDP left the UDA and their associates in a significant political vacuum. Those more progressive elements within, and close to, the organisation recognised quickly that there was danger in such a situation and began looking for a mechanism through which the UDA could articulate its views, and the views of its supporters within working class loyalism.

8. The result of this deliberation was the formation, in January 2002, of the Ulster Political Research Group - the name harks back to the group that drafted John McMichael's *Common Sense* paper in 1987. (John was the father of Gary and was murdered by PIRA.) Believing that the UDP sacrificed itself for the Agreement the UPRG are determined not to fall into the same trap, and have been making strenuous efforts to marry the pace of progress with the toleration level of their principal audience, the now entirely anti-Agreement UDA. The UDA's statement in February 2003, announcing 'The John Gregg Initiative' and a 12 month cessation of violence, established the UPRG formally as the UDA's 'political' voice.

9. Early in 2002 officials, including myself, who had already been in contact with key members of the UPRG on a one-to-one basis, established a more structured engagement with it as an organisation. This led to a series of Ministerial-level meetings

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including one with the previous Secretary of State. Since then engagement at Ministerial level has continued on a wide-ranging agenda, including the status of the UDA cease-fire.

10. At first the UPRG made it clear that they did not see themselves as a political entity. But recently they signalled their intention to become a party in the Spring of 2004. However, having backed two Independent candidates in the Assembly election, neither of whom made any real impact, there are now signs of them having second thoughts about the notion of going for party status.

11. It remains to be seen how the UPRG will continue to develop and how they will deal with the tensions that exist within their ranks, not least the violence attributed to the UDA and that organisation's involvement in drugs and racketeering. They appear to be content with the level of engagement they have been having with Government - their chief spokesman, Tommy Kirkham, told us recently that they are happy with the progress they have made on a range of community development issues in their engagement with Government. He also said that, whilst they are not pressing for further Ministerial meetings at this stage, they will do so as the need arises. Nonetheless, despite this self denying ordinance, I think it would be wise to encourage the UPRG to have another stock-taking meeting with you in January.

The Loyalist Commission

12. As engagement progressed separately with the two main groups within loyalism, further opportunities for discussion emerged with the formation, late in 2001, of the Loyalist Commission. The value of the Commission is in its role as an umbrella group comprising, for the first time, representatives of all the various loyalist paramilitary groupings (except the LVF) together with political activists and members of the wider loyalist community drawn from the churches and the community sector.

13. Official contact with the Commission began shortly after its formation and Ministers, including John Reid, became engaged progressively during 2002. However, when loyalist violence increased in the summer of that year, eventually deteriorating into a renewed loyalist feud, further formal communication with the Commission was halted

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for a time. But once the situation stabilised it resumed at Ministerial and official level, with a focus on those issues that have led to a sense of alienation or isolation within loyalist communities.

14. Your letter of 18 November to the Reverend Mervyn Gibson, the Commission's Chairman, addressed a range of issues raised by the Commission at its meeting with you on 17 October. In that letter, you also offered a further meeting and the Commission is due to discuss this shortly. Hopefully they will decide to take up your offer; if not we will do what we can to promote another early encounter.

A word about the LVF

15. During the last couple of years we have had occasional contact with associates of the LVF, principally Pastor Kenny McClinton. In the run-up to the Assembly election McClinton approached me to see if a further meeting might be arranged. I told him *purdah* ruled this out, suggesting that if he wanted to come back to me after the election I would consider his request. I have heard nothing since but if he does speak to me again, other things being equal, I would be inclined to recommend that I be allowed to see him and his associates.

The McAleese initiative

16. You are, of course, aware of the successful Irish outreach to the UPRG masterminded by Martin McAleese. McAleese has been successful in securing considerable private sector funding for projects in loyalist areas. Following the sectarian murder of James McMahon in Lisburn last month the Irish have drawn back, but I expect the initiative to resume shortly. It is also worth recording that the Irish machine has had consistently good relationships with the PUP and their associates for some years.

Work in hand

17. The Office of the First Minister and Deputy First Minister and Northern Ireland Departments through mainstream programmes and specific interventions seek to build trust and confidence between and within communities and to tackle disadvantage,

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poverty and social inclusion in all communities. Through this work specific interventions have included specific action, direct and indirect, to arrest the sense of powerlessness (and haemorrhaging of confidence in the Agreement) within loyalism. The initiatives include promoting community involvement and development, and attempting to tackle the deeply-rooted causes of disadvantage and deprivation. Details of the most significant are included in the Annex.

Conclusion and recommendations

18. It remains to be seen at what pace progress can be made within a fractured loyalist community, where there are often competing agenda. As far as our direct engagement goes, it is often the loyalist groupings themselves who dictate the pace. We will, however, want to maintain and strengthen our existing links and relationships in order to build on the progress that has been made and, as mentioned above, I recommend that you should aim to meet the PUP, UPRG and Loyalist Commission again in January. If you agree, Mary Lemon can make the necessary arrangements in conjunction with your Private Office.

19. Colleagues in the OFMDFM and NI Departments responsible for the activity described in the Annex are ready to discuss this and related matters with you. I also recommend that your Private Office should arrange a meeting with them as soon as possible.

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ANNEX

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ANNEX

INTERVENTIONS BY NORTHERN IRELAND DEPARTMENTS

This Annex sets out details of specific interventions, outside mainstream service delivery, not exclusively targeted at loyalist areas but benefiting these areas.

Neighbourhood Renewal

- The Neighbourhood Renewal Strategy (NRS) was launched by the Department for Social Development on 24 June 2003. Of significant strategic importance, NRS will provide a 7 to 10 year framework for the regeneration the 10% most disadvantaged urban wards and enumeration districts (containing 250,000 people). Based on co-ordinating action by Departments working with local communities to improve public service delivery, prospects and quality of life of those communities.
- Since the launch of the Neighbourhood Renewal Strategy work has continued on the development of detailed implementation plans. The first stage in these has been the publication by the North West Development Office of a discussion paper on the proposed approach in Derry. Following consultation on the plan a similar process is underway in the rest of Northern Ireland led by the Belfast and Regional Regeneration offices, respectively. In addition, a cross Departmental Ministerial Group has been established to drive the strategy forward at central government level with the first meeting held on 25 November 2003.

Community Action Group

- In December 2002 Des Browne established a Community Action Group (CAG) made up of representatives from Northern Ireland Departments, PSNI, NIHE, District Councils, the Community Relations Council and the Community Foundation for Northern Ireland. The Group aimed to bring forward a series of actions aimed at building trust and confidence within and between communities, particularly those marginal and deprived communities where tension and the potential for violence was greatest. CAG developed a series of short term actions and at the end of April, a

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£7.4 million package of measures was announced.

- The CAG package included £3m for a Local Community Fund which focused on environmental improvement, youth intervention, and encouraging more active participation by women. The fund is being rolled out through existing mechanisms such as area partnerships and is being well received by local communities. Since the Fund has focussed on the areas of need and weak infrastructure a number of Protestant working class communities have benefited from it.

Community Conventions

- In response to approaches from input groupings to create practical ways to stimulate communities to take advantage, work in partnership with Government Departments and agencies and build stronger communities, a further £150,000 for community conventions was announced in June. The Department for Social Development and the Community Convention and Development Steering Group (made up of representatives from input communities) are working together to identify what works and develop mechanisms to deliver four pilot community conventions in the Northern region. Conventions are likely to be delivered as part of a rolling programme involving a 12-month period. The Steering Group is currently considering the scope of activities that could be undertaken to examine the extent of problems and identify solutions. Conventions with the DSD are being developed and are being supported by the Department.

North Belfast Community Action Unit

- Whilst this initiative is focused on working with relations between all communities in North Belfast, working with the community, in particular in Protestant working class communities the Unit has been working closely with these communities. The programme has developed a focus on the particular needs of Protestant communities. The Unit also has a focus on working communities. It has put in place a programme of Community Empowerment Partnerships. Some Year One Community Empowerment Partnerships have been operational from September. Year 2 and 3 Community Empowerment Partnership proposals are due with the Unit.

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Local Community Fund

- The CAG package included £3m for a Local Community Fund which focussed on environmental improvement, youth intervention, and encouraging more active participation by women. The fund is being rolled out through existing mechanisms such as area partnerships and is being well received by local communities. Since the Fund has focussed on the areas of need and weak infrastructure a number of Protestant working class communities have benefited from it.

Community Conventions

- In response to approaches from loyalist groupings to create practical ways to stimulate communities to tackle disadvantage, work in partnership with Government Departments and statutory agencies and build stronger communities, a further £180,000 for community conventions was announced in June. The Department for Social Development and the Community Convention and Development Steering Group (made up of representatives from loyalist communities) are working together to identify infrastructure and resource requirements to deliver four pilot community conventions across Northern Ireland. Conventions are likely to be delivered as part of a rolling programme spanning a 2-year period. The Steering Group is currently considering the advice of independent consultants commissioned to examine the extent of structures and resources needed. Discussions with the DSD on implementation arrangements are expected to begin shortly.

North Belfast Community Action Unit

- Whilst this initiative is focussed on building good relations between all communities in North Belfast, arising from weaker community infrastructure in Protestant working class communities the Unit has been working closely with these communities. The programme has developed a focus on the particular needs of Protestant communities. The Unit also has a focus on interface communities. It has put in place a programme of Community Empowerment Partnerships. Some Year One Community Empowerment Partnerships have been operational from September. Year 2 and 3 Community Empowerment Partnership proposals are due with the Unit

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end November 2003. The Unit has also put in place a Youth Intervention Programme and is developing co-ordinated approaches with statutory agencies. It is currently developing an overarching North Belfast Action Plan and aims to commence consultation on Action Plan in New Year.

Urban II - North Belfast

- Some £1m has already been spent by successful Urban II projects. An event to celebrate the success of the projects is planned for December.

Peace II

- Work to tackle disadvantage is underway in 12 neighbourhood areas (8 interface areas and 4 single identity areas). To date projects have spent some £1.4m on the ground.

Outreach Programme

- In addition an outreach programme (again not exclusively directed at loyalist communities) provides financial assistance (£2.9m) to public sector organisations to help them change their policies, working methods and consultation arrangements in order to increase community involvement in the delivery of public services. A total of 14 projects have been selected for funding using an open application process. Each public sector applicant was expected to include community partners in their proposal.
- Of the successful projects a number will benefit predominately Protestant communities as follows:
- South & East Belfast Health and Social Services Trust working with East Belfast Community Development Agency targeting victims of domestic violence, £124,800
- Northern Investing for Health Partnership working with HSSTs, District Councils and community networks targeting areas of high social need and low community

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infrastructure in 10 local government districts in the Northern area of the province, £250,000.

- Belfast Education & Library Board working with the North & West HSST and Belfast Partnership boards targeting schools including the Belfast Model School for Girls, Mount Gilbert Community College and Castle High School, scheme is worth £248,500 for North and West Belfast.
- North Down LSP working with NIHE, North Down Borough Council Ulster Hospital, Youth Service, YMCA and community associations targeting young people in Rathgill, Breezemount and Conlig housing estates, £184,000.
- Castlereagh LSP working with Castlereagh Borough Council and others targeting residents of Ballybeen estate under Ballybeen Regeneration, £245,000.
- Edenbrooke primary School working with North & West HSST, Belfast Education & Library Board and others targeting pupils of Edenbrooke and their families towards the development of a "Peaceful School", £235,000.
- Belfast Education & Library Board working with parents and children in Inner East Belfast promoting the value of education as an avenue to better employment prospects, £209,000.

SEUPB Loyalist Outreach

- On the 22 August the SEUPB meet with loyalist representatives (attended the NI side of NSMC) to explore issues in relation to accessing PEACE II funding. It was agreed that Deirdre McBride (former Chief Executive of the Belfast LSP) would take forward a project which would, in particular look at the uptake of PEACE II on six defined localities; review reasons for project rejection, help define new projects and organise workshops to provide support and training in making grant application.

West Belfast and Greater Shankill Task Forces

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- In late September 2003, DETI, on behalf of the Joint Working Group (JWG) of the West Belfast and Greater Shankill Task Forces initiated a full review of the 150+ recommendations contained in the report published by the Task Forces in February 2002. The Review aims to assess progress, priorities future actions, identify sources of funding, produce an Integrated Development Strategy for the area and prepare an application to the £50m Integrated Development Fund (IDF). An initial bid for funding from IDF is due to be submitted by 31 January 2004.

Employability Task Force

- Target Initiatives arising from the work of the Employability Task Force are being taken forward by DEL. Four areas have been targeted – West Belfast, Greater Shankill, Derry and Strabane. Stakeholder forums have been established in all areas and contracts have been awarded for the delivery of Job Assist Centres (to support and complement the work of the Government Jobs and Benefits Offices); and for the delivery of a tradition Employment Programme in the Belfast areas (with similar arrangements expected to be completed shortly in the North West). Additional funding of £14m is available over 3 years.

Other Interventions

Action Zones

- While not specifically targeted on working class communities the following will have a significant impact on them - Health Action Zones, Education Action Zones and the work of the Northern Ireland Housing Executive

Work by the Rural Community Network (RCN)

- RCN is currently working on a programme with more than 20 Orange Lodges to help them establish structures that can enable their participation in community development activities. Lodges are being helped to establish community development associations that are independent, overcoming the difficulties the Orange Order has in directly controlling such work.

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- There are other activities ongoing in the community that are independently led for example, the work of Diversity Challenges led by Will Glendenning and funded through Atlantic Philanthropies, which has recently changed its strategic priorities but will still focus on reconciliation and human rights.

The Department of Education and Science has been working closely with four Community Partnerships in East Belfast - Gae Linn Uid and Short Strand Partnership, and in West Belfast - Upper Andersonstown Community Forum and The Phoenix Centre, Springmount Estate.

This proposal will bring together a partnership of business, educational, governmental and community sectors in the resourcing of four communities. This will mean that residents, in the four areas identified, will have access to a wide range of multi-media technology within their own communities, and when the equipment is in place, the individual communities will initiate training programmes based on the needs of local people.

(a) Consultancy support to community based projects in loyalist areas

At the request of Martin McKee, Stephen Prenter (SPO Sony Hayward) and Stephen Kingan (PWC), agreed to assist three organisations in loyalist areas to put together business plans to fund their social and programme costs. Stephen Prenter has focused on an enterprise centre owned by Jackie McDonald in Sandy Row. In connection with this is the purchase and refurbishment of a building costing some £100k. Stephen Prenter is also dealing with the Phoenix Centre, Springmount Estate (owned by Frank McCann) and the Farnhill House Museum project, which is owned by Farnhill Museum. These two projects - which have already received considerable public funds - are not as far advanced as the Sandy Row project. The business plans are likely to address their long-term sustainability - including the support for a significant level of programming.

(c) Step Up Programme - University of Ulster

The proposal is to develop a leadership development training linked to UU Step up project.

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McAleese Initiative

(a) Digital Community Project

The Department of Education and Science has been working closely with four Community Partnerships: in East Belfast - Gae Lairn Ltd and Short Strand Partnership; and in West Belfast - Upper Andersonstown Community Forum and The Phoenix Centre, Springmartin Estate.

This proposal will bring together a partnership of business, educational, governmental and community sectors in the resourcing of four communities. This will mean that residents, in the four areas identified, will have access to a wide range of multi-media technology within their own communities, and when the equipment is in place, the individual communities will initiate training programmes based on the needs of local people.

(b) Consultancy support to community based projects in loyalist areas

At the request of Martin McAleese, Stephen Prenter (BDO Stoy Hayward) and Stephen Kingon (PWC) agreed to assist three organisations in loyalist areas to put together business plans for funding capital and programme costs. Stephen Prenter has focused on an ex-prisoners project (sponsored by Jackie McDonald) in Sandy Row. In essence the project core is the purchase and refurbishment of a building costing some £300k. Stephen Kingon's team is dealing with the Phoenix Centre, Springmartin (sponsored by Frank McCoubrey) and the Fernhill House Museum project, Glencairn (sponsored by Tommy Kirkham). These two projects – which have already received considerable public funds - are not as far advanced as the Sandy Row project. The business plans are likely to address their longer-term sustainability – including the support for a significant level of programming.

(c) Step Up Programme – University of Ulster

The proposal is to develop a leadership development training linked to UU Step up project.

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