



Northern Ireland
Assembly

**COMMITTEE FOR
AGRICULTURE AND
RURAL DEVELOPMENT**

OFFICIAL REPORT
(Hansard)

**Department of Agriculture and Rural
Development: Business Plan**

10 January 2012

NORTHERN IRELAND ASSEMBLY

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RURAL DEVELOPMENT**

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Members present for all or part of the proceedings:

Mr Paul Frew (Chairperson)
Mrs Dolores Kelly (Deputy Chairperson)
Mr Thomas Buchanan
Mr Willie Clarke
Mr Kieran McCarthy
Mr Oliver McMullan
Mr Conor Murphy
Mr Robin Swann

Witnesses:

Mr Andrew Elliott)
Mr Norman Fulton)
Mrs Pauline Keegan) Department of Agriculture and Rural Development
Mr Gerry Lavery)
Dr John Speers)
Mr Graeme Wilkinson)

The Chairperson:

We will now have a presentation on the Department's business plan. I refer members to an updated tabled paper, which now includes text on the savings delivery plans. I welcome Mr Gerry Lavery, the permanent secretary, Mr Andrew Elliott and Mrs Pauline Keegan. You have all been here before. Thank you for coming and giving your time today.

I invite members to agree that, if necessary, additional officials will be invited to the table to deal with specific issues that may arise during the session and that they will introduce themselves on each occasion for the benefit of Hansard.

I want to set out the rules of engagement for the session, if we can call them that, for the benefit of members and witnesses. I remind everyone that the session has been necessary because members were deeply concerned, highlighted serious flaws, and expressed a lack of confidence in the document when officials presented the position on the various targets in the draft business plan during the meeting on 6 December 2011. I view this as a very serious matter indeed. The Committee takes its scrutiny role very seriously, not least because the flaws exposed related to business that was reputedly on target when it was patently obvious that it was not. I am disappointed that, in the papers now before the Committee, there is no acknowledgment or explanation as to why that might have been the case.

I intend to break the session into two parts; a general part and a target-specific part. I appeal to members to be as concise as possible in their questioning. Before I invite Gerry Lavery to make some opening remarks about the draft business plan in general, I will say that I expect him to address the very real concerns that members expressed. I expect him to give the Committee a categorical and unequivocal assurance that he, personally, in conjunction with his senior responsible officers, has re-examined the draft plan with a critical eye, that he will be able to instil confidence in the Committee that the plan is now much more fit for purpose and that it reflects the true state of affairs as far as the Department's discharging of its responsibilities is concerned.

Last time, we did not go into detail on the targets that had failed because we felt that some of the targets that the Department had said were on target were not. This is an issue of credibility. I know that people can word things in certain ways, and they can have another meaning or a different outcome, but we have to be clear about where we stand, especially about something as fundamental as a business plan. It is not good government to have sleight of hand and wordplay in business plans. It is very clear that we should be as open and transparent as we possibly can.

Mr Lavery, perhaps you will address some of those points in your opening remarks before I invite members to make comments and ask questions on the general issue of the business plan. I will allow around 15 minutes for this part of the session, but that is always in the members'

hands. Mr Lavery; the floor is yours.

Mr Gerry Lavery (Department of Agriculture and Rural Development):

Thank you, Chair and members, for hearing from us. As the Chairman said in his opening remarks, this is an important engagement for us. We have always been very conscious of the Committee's scrutiny role, and we want to participate in that role and facilitate it.

I wanted to come along personally today because I saw the Committee's concerns following the meeting of 6 December. At that meeting, members received a mid-year progress report on the Department's business plan. In summary, 42 out of 50 targets were reported as having achieved green status; five as amber; and three as red. I want to emphasise the very considerable progress that we are making against the business plan across the full range of our diverse responsibilities, including CAP reform, disease control, animal welfare, the rural White Paper and plans to relocate our headquarters. We are working across the range of our responsibilities, and we will be moving forward on legislation and will, hopefully, bring proposals before the Committee over the next months.

I will turn to the issue that the Chairman properly reminded members about. Items were reported as having a green status, and that did not seem to convey a full or accurate picture. First, the important thing, from my point of view, is that we have a transparent engagement within which we give you as much oral explanation and as detailed an understanding of what is happening as we can. To describe a target as green, amber or red is a shorthand measure. It is very useful for those who are seeking to compare progress by one Department against other Departments or, for example, to enable an academic commentator to say that such-and-such a Department has five reds and 40 greens, and another Department has 10 reds and 35 greens. That works for them, but for this Committee, with your knowledge of what we are doing and our explanation of what we are doing, there should be a deeper understanding. It is to facilitate that deeper understanding that we are here. I appreciate that there can be a requirement to say what is happening in more detail with any of our targets, rather than to simply give a summary green or red status.

Secondly, the reason the Committee raised that concern was that some of the targets were listed as green. Simultaneously, we are openly admitting to the Committee — if “admitting” is the right word — that we will not meet our Public Service Agreement (PSA) target; and that it is

red. People are wondering, quite reasonably, why we can be green in one business plan report and red in a Public Service Agreement target. The answer is in the detail. Business plans, because they are annual, will include activities that are only milestone targets. You can keep hitting milestone targets in-year while knowing that the outcome that you seek at the far end will not be achieved. For example, that is what we said about better regulation; that we realise we will not reach the outcome targets that we have set ourselves of a 25% reduction in red tape for the farming industry, but that, in-year, we are doing all the things that we intended to do as listed in the business plan. In my point of view, the important thing is that the Committee understands that level of detail; that what we report in-year represents achievement against the milestone activities that we set ourselves. We have appointed a senior responsible officer (SRO) for each of our targets. The Committee indicated that it wished to have evidence from the SROs who are responsible for the targets identified as red or amber, so I am accompanied today by Pauline Keegan, Andrew Elliott, Norman Fulton, John Speers — and Graeme Wilkinson, who has just been appointed as the DARD finance director. They can report on the detail.

It may be helpful if I also bring members up to date on our reporting of targets with a red or amber status. Those relating to the area of land under environmental enhancement agreement, to the development of the greenhouse gas reduction framework and action plan and that relating to the 2011 inspection programme have all now been assessed as green. We are on target for those. Previously, they were either red or amber. The target relating to an education strategy remains red. I am happy to talk about the detail of that. There are two targets against the rural development programme that also remain red. Pauline will speak about those in due course. Bearing in mind the way in which the Chairman wishes to structure the session, it would be perhaps helpful if I stop there and allow the Committee to address the general issue.

The Chairperson:

Thank you, Mr Lavery. I invite questions from members.

Mr Swann:

Thank you very much for coming along, folks. The number of officials whom you brought with you, Gerry, shows your willingness to engage with the Committee. I welcome that. Will you clarify what is meant by green, amber and red in layman's terms? You said that you are using that indication as an academic comparison to show how DARD is performing against other Departments.

Mr Lavery:

Yes. It is also intended to be helpful to the Committee: it is saying, "Dig here."

Mr Swann:

So, if a target has a green status, we know to dig there?

Mr Lavery:

If it is green, hopefully, you should be reassured that the target should be on track. Sometimes, as you found from the previous session, it does not reflect the full shilling.

Mr Swann:

Reflecting the Chairman's comments; that is what concerns me about your green, amber and red targets. If Departments are using them to compare themselves against one another, so that one can look better against the others, or so that there is a comparison mechanism, then that is one thing. However, they are not really useful for this Committee, until we start to dig, and we do not know where to dig because you could be showing targets as being green that are not really green once we start to dig. Do you see why the Committee —

Mr Lavery:

I fully understand why the Committee is concerned. I hope that the narrative available to the Committee in the comments column gives the additional information that allows the Committee to probe even a green target or to see any unease. However, this is a new system. If there are improvements that we can make to the process or the disclosure, we will make them. This is not intended to be a system to help the Department; it is intended to be a system to help the Committee. You are, in effect, the customer for the system. Perhaps there is more detail that we can give. We are trying to judge the level of detail so that we do not weigh the Committee down with material. It was certainly not our intention to mislead. The particular target area on which the Committee has additional evidence is difficult for us. As I said, we have been straightforward with the Committee about better regulation. We see really great difficulty in meeting the outcome targets that we set ourselves in 2007.

Mr Swann:

The bits of the narrative that I found helpful were from Collette McMaster. I do not know

whether she was being brave, or completely honest, but her opening comments confirmed that certain targets were on track. That reassures me that there is ownership by that lead SRO. When you look at other comments, you start to see waffle, for want of a better word. A bit more transparency and honesty in the comments would be helpful, if that is how you see the process being managed.

Mr Lavery:

I am happy to commit to try to give a very clear assurance where a clear assurance is warranted, and to give more detail where it is not.

The Chairperson:

Before I let in anyone else, I hear what you say, Mr Lavery. I take your point that the red, green and amber system can be a very blunt instrument. However, we can look only at the information that is in front of us at any given time. You referred to the comments column. One target is to:

“Implement the second year of the Better Regulation Action Plan. In addition, further develop the scope for better regulation and bring forward new initiatives in this area.”

That was given a green status. To me, the problem is that the comments column should be used to highlight the fact that although the status is green there could be difficulties with A, B or C. The current comment paints the following picture — I will read it out:

“Delivery of the Better Regulation Action Plan is on-track with business areas making progress in many areas. Plans are at an advanced stage to raise the profile of Better Regulation and broaden the scope to other business areas within Department.”

There is not one piece of negativity there. I am not saying that we should always be negative. However, if something is worth bringing to the Committee, it has to be used in the proper manner, and I suggest that that comment is misleading. If it is misleading, that creates a completely different picture and so much difficulty for the Committee in its scrutinising role. There is nothing to suggest that, although you have given the target a green status, there are concerns with A, B or C. That is one of my issues.

Another target is to:

“Continue delivery of woodland support schemes to create 200 hectares of new woodland.”

Again, that is green, and the comments column states:

“To date 208 hectares created.”

That was highlighted to the Committee as regards the levels and targets set previously. I think that that is right. Am I right in what I am saying with regard to woodland? You can understand the Committee's concern. This could be classed as being misleading.

Mr Lavery:

I understand the Committee's concern. I also understand how the information came to be presented in that way. Part of it is that people have not really thought through the Committee's requirement; and this is helpful in getting people sensitised to the Committee's requirement. It is helpful to have the in-year position and the wider context. We will take that away and look at it.

In the case of the woodland grant scheme, the wider context was a stepping down from the annual target in the previous PSA at 550 hectares a year to reflect that we were not achieving that. We set a new target for this year's business plan, we reported against that, and we should have reflected that we were now reporting success against a much lower target. It is to try to get that appreciation, and to get it consistently across 14 SROs who are responsible for the business plan and for reporting to the Committee. We will try to get better at it. I am not going to try to keep on defending something that, I agree, we could have done better first off.

The Chairperson:

I take your point. If you like, I will withdraw the fact that that one section is not misleading because it is a set target. However, if it is not misleading, it also does not set the context of where we are with regard to the reduced target from 500 hectares down to 200 hectares. Yes, you get a gain and it is green, and, to date, 208 hectares have been created, but it does not paint the full picture because the context is not set.

I suggest that if the business plan glosses over the cracks and weaknesses, that only fools ourselves and the Department in that if we do not know the issue or if we are glossing over the issue, we should really be confronting the issue, rather than turning our face away from it, if you understand what I mean. It will not help the Department to better govern the issues and

weaknesses within the Department. Do you take the point?

Mr Lavery:

We accept that the Committee has a role in policy development and scrutiny, and if we are to move from a position, for example, on better regulation or on woodland grants, we need the Committee to have a full appreciation of why we propose to move, and to either agree or, as the case may be, disagree with that proposal. I am happy that that forms part of the general basis of policy development.

Mrs D Kelly:

Thank you and I look forward to later presentations also. To follow on from Mr Swann's welcome to so many officials; others might see that as a comfort blanket for you, permanent secretary. One of the reasons why the hackles of many Committee members are up in relation to some of the targets set is that, in a not-too-distant meeting, we were informed that at least one of your senior officials was able and confident to say that Ministers come and go, but officials are here to stay. That is quite a worrying culture within the Department. It is certainly not one that I would like to be reflective of my role as a scrutineer in the Committee, or of the roles of other members of the Committee. That does not do your Department much service.

I had a meeting with farmers only last week, and they feel that DARD, far from being a rural champion, requires a full and fundamental review of its role, functions and costs; such is their lack of confidence in the Department. The week before that, one farmer experienced four inspectors on site in one day. One inspector did not have a clue what they were doing, because they were moved from one department to another to inspect something with which they were unfamiliar. I will pick up on some of those issues later. Whether targets are at red, green or amber status, we who are close to the people on the ground have a fair idea of what is working and what is not. I do not think that, by any stretch of the imagination, we could ever accuse the Department of setting itself challenging targets. Therefore, it is not surprising that many of them are labelled green, even though I would say that that is a matter of interpretation. One wonders where the tipping point is, and what percentage mark, if you like, distinguishes between amber, red and green. I want to assure the permanent secretary that I, the SDLP and, I am sure, other members, take their scrutiny role very seriously. We will be putting some challenging questions to you and your officials later in the meeting.

The Chairperson:

Mr Lavery, do you want to come back on that or do you want to move on.

Mr Lavery:

I should say two things. First, I expect every official in the Department, myself included, to respect the role of Ministers and this Committee. I would not like to hear anyone taking the view that Ministers come and go, but we remain as the permanent staff of the Department. That would be belittling the Minister's role. Secondly, regarding the point about setting targets, this Committee has a role in setting the targets. We consulted the Committee in June 2011 on the targets that we are reporting against. They are our targets — I am by no means trying to argue that the Committee set them — but, again, I hope that we will come back to the Committee with a business plan for the incoming year, and I look forward to an engagement to ensure that the targets set are indeed challenging.

Mr Murphy:

The purpose of the red, green or amber status is, as you say, to have comparators with other Departments, and they are fairly simplistic. Does that not lead to an element of competition as to who can pat themselves on the back for having the maximum number of greens? Does that not also then lead to what has been experienced here, which is an interpretation that is at least creative of what a target is and how it was achieved, or, as I know from my experience on another Committee, setting a target that is not a target at all and measuring it as green? A basic target mentioned at another Committee was for a Department to do its business. That would be like us setting a target for ourselves to be MLAs and then congratulating ourselves for achieving that. Does the system lend itself to that kind of scenario because it brings in an element of superficial competition between Departments?

As you say, red, amber and green are fairly superficial measurements. They are only comparators between Departments and do not serve the functions of a scrutiny Committee, which wants much clearer and more challenging targets and much more detail on how they are being achieved. Does that system not lend itself to your being creative simply to try to achieve green status, being creative in how you achieve that, or setting low targets so that more greens can be achieved?

Mr Lavery:

I think that setting targets is difficult and that, however you set them, there will be an element of gaming. Only in this sort of dialogue do we get away from gaming and people trying to suggest that things are other than they are.

When the Committee is dealing with as diverse an organisation as the Department, which has targets for flood alleviation, forestry and negotiations on fishing, as well as the raft of activities that we carry out with the farming industry, we need some summary of what we are doing. I think that the concern of the Committee relates to the reliability of the summary. We need to make that summary very robust so that when we say something is green, we can stand over the fact that there is nothing about which the Committee needs be concerned. We have not delivered that to date. We still have a way to go in creating a robust summary that the Committee can rely on and thus focus its efforts on the areas that we all need to concentrate on. The red-amber-green system does have benefits, particularly for management, because it should also tell us where to drill down to try to find things that need tightened or require additional resource.

The Chairperson:

As the accounting officer, Mr Lavery, are you confident that all the green-status targets illustrated in your business plan are not the same as the two that I used as examples earlier? The targets on better regulation and woodland could be deemed misleading or out of context. Having volunteered to present the plan to the Committee, are you satisfied and confident that the other greens do not alarm you and that everything is OK with the other segments of the business plan?

Mr Lavery:

I examined the business plan this week at a departmental board meeting, and I am satisfied that no greens were listed then about which I had particular concerns. So, yes, I can give the Committee the assurance that I looked at those targets listed as green, and I am confident that we are being open about those.

The Chairperson:

If that system is to be used as a measuring tool, it has to be accurate. Otherwise, there is no point.

If members are content, we will move on.

Mrs Keegan is here to talk about axis 1 and axis 3, and Mr Elliott will deal with the disallowance in the LPIS (land parcel identification system). If need be, Mr Lavery, you can call on Dr Speers to discuss the greenhouse gas reduction framework, and I believe that Mr Fulton is here to discuss the education strategy. Mr Lavery, your members of staff members are at your disposal as you wish to use them.

Mrs Keegan, I understand that you now deal with the axis 1 and axis 3 targets in the rural development programme. I will allow around 30 minutes for that element, although it is up to members how long they want to spend discussing it. Mrs Keegan, I expect you to explain why precisely there will be underspends; the monetary value of those underspends; what and who are responsible for those underspends; and what remedial actions are being taken. Although this may be more a question for the Minister when she comes before the Committee in the next few weeks, Mr Lavery might like to outline what consideration was given to informing or not informing the Committee of the decision to shift the focus of axis 3 and to explain the timing of that decision. The meeting at which that decision was taken was on a Tuesday, and I had to ask an urgent question for oral answer to ascertain some information about that meeting.

Mrs Pauline Keegan (Department of Agriculture and Rural Development):

Mr Chairman, are you happy for me to speak to axis 1, axis 3 and then take questions from Committee members?

The Chairperson:

Yes, that is OK.

Mrs Keegan:

As most members will know, axis 1 expenditure is made up of a number of measures to assist farm businesses, the farm family and the agrifood sector. Those are, namely, the processing and marketing scheme; the farm modernisation programme (FMP); the manure efficiency technology scheme (METS); and vocational training that includes focus farms, farm family options, supply chain and benchmarking. That should set some of the context.

The axis 1 target of £15.1 million in our business plan will not be achieved for a number of

reasons. At the end of November, the total axis 1 expenditure had reached £6.1 million, or just over 40% of our original target figure in the business plan. That is over 50% of our updated forecast spend. A significant element of that expenditure relates to farm modernisation, which makes up £6.5 million of the £15.1 million target. The current forecast is that only £5 million will be spent. That will mean an underspend of £1.5 million against that specific opening allocation, and that is despite a substantial overcommitment. We issued letters of offer worth £7.9 million to around 2,600 farm businesses. However, 25% of those farm businesses have not claimed the funds due to them, and many others have not claimed their funds in full. Therefore, people are not claiming at all or are, perhaps, claiming only part of their entitlement. Also, 600 successful applicants either did not accept their letter of offer, or, having accepted the letter of offer, did not follow that up with a claim within the period allowed.

From various discussions with farmers and their representatives, I understand that the situation is clearly linked to financial constraints for farmers, who must supply an element of matched funding. That affects large and small businesses. The delivery agent, Countryside Services Ltd, which implements axis 1 on behalf of the Department, will look to obtain information directly from applicants on their reasons for not progressing with letters of offer. We have some anecdotal evidence, and, as I said, I have spoken to representatives, including, quite recently, the Northern Ireland Agricultural Producers Association (NIAPA), and I was told that farmers do not have the money available at the moment. The economic climate is, obviously, very severe. The good news is that, because the FMP is 100% EU-funded, that underspend can be carried forward and reinvested in tranche 3 of the farm modernisation scheme, which will open later this year.

At around £0.45 million, the processing and marketing grant spend, to the end of November, was also low and will not meet the £2.6 million that we forecast originally over the whole year of the business plan. That is because, although we have approved over £3 million of grants throughout the year, farmers expect to spend only about £1.15 million in large and small grants in-year. That is because farmers are sorting out procurement issues, having to buy various bits of equipment, and so on. They will spend a certain amount this year and more next year.

At the end of November, vocational training spend was £0.77 million, which was short of the forecast. Although the backlog of claims for focus farmers will increase expenditure, I accept that the mentoring and skills work remains slow and that the projected spend will not be met. I have talked about that in detail with farmers and their representatives, particularly about why

mentoring has not had a good uptake. We also looked together at the skills training that has been on offer and wondered why it has not been taken up in the way that we expected. We are working in partnership with the farmers' representatives to put in place a package of skills training, which I am confident will speed up interest and, subsequently, spend. To that end, I would be grateful for any ideas or suggestions that Committee members might have about a package of skills.

The expenditure target of £24.48 million on axis 3 will not be met. The Committee is well aware of the raft of measures in axis 3: business creation, tourism, farm diversification, village renewal, basic services and rural heritage. It was clear from mid-year that the figure of £24.48 million was unlikely to be met, and spend projection was reduced within our management set-up. At November, the forecast figure was £13.8 million.

As with axis 1, a significant reason for the underspend, to which the local action groups testified during their presentation to you in September 2011 and on many occasions when talking to me and DARD, is the difficult and uncertain economic climate. Project promoters have had difficulty obtaining match funding from financial institutions and sponsors. That is despite the previous Minister, Minister Gildernew, and DARD officials holding helpful discussions with banks and taking forward some of their useful suggestions. For example, the banks said that, rather than people simply submitting two-page applications, they wanted business plans, too. They also offered to liaise more directly with the local action groups, which was very helpful. However, the economic situation continues to play its part. It also manifests itself in a substantial amount of extensions to letters of offer, which allows project promoters to delay the start date of projects. That is agreed by the local action groups and joint council committees and contributes substantially to the lack of spend in-year, because they are not spending in-year as was expected.

I continually look at ways to improve the situation, because spend is disturbingly low. Minister Gildernew had asked officials to assess the barriers to progress in axis 3, of which most people are aware. She was concerned that the healthy amount of letters of offer was not translating into spend on the ground for rural dwellers. Officials worked with the local action groups and joint council committees, and, together, we came up with a raft of recommendations to try to improve the situation — over and above the economic climate. Many of those may be more appropriate for the next programme, but that is fine, and we expect that. However, other recommendations on easing procurement rules — the acceptance of faxed and e-mailed quotes,

for example — have already been brought into the process. The training of local action groups in economic appraisals and financial management is ongoing. DARD works with local action groups in determining the eligibility of projects, although the ultimate decision rests with the local groups and not the Department.

As you mentioned, Mr Chairman, Minister O'Neill has decided that axis 3 requires a new focus to assist with the low level of spend. She wanted to meet the local action groups, joint council committees and lead councils as soon as she could — she met them last week — to explain that, in this financial year alone, underspend against the local action groups' own projections in their implementation plans sits at over £9 million across all areas. It was £7 million last year and nearly £2 million in 2009-2010, so you can see the impact on the business plan target.

Minister O'Neill's wish to effect a change to the programme to allow strategic projects of up to £1 million to be funded from the end of this year, assuming that we get agreement and approval from the European Commission, means that we have to make a change to the financial plan. If that happens and an investment in rural broadband comes to fruition, it will have a very positive effect on axis 3 spend. However, that positive action will not help this year's target, which is what the Committee is looking at. It can reflect only the anticipated spend in advance of the financial year, but I hope that the benefit will be seen in future years.

In conclusion, the two red targets reflect, to a large extent, the global economic situation. They are demand-led programmes: if the demand is not there, we face difficulties. However, axis 1 spend is looking more positive. I have talked a little about processing and marketing, and I am happy to expand on any of that in answering members' questions. The Minister's intervention on axis 3 will also have an effect if we are all willing to work hard and make sure that those changes are a success.

The Chairperson:

Thank you, Mrs Keegan. I know that there will be a lot of questions. We are all interested in the rural development programme, because we are all, probably involved in it in some way, shape or form. I do not wish to be flippant, but are you convinced that all your green targets are, in fact, green?

Mrs Keegan:

I also have green status on anti-poverty and social inclusion targets. Yes, I am convinced.

The Chairperson:

OK. Very good.

Mr Swann:

Mrs Keegan, my question leads on directly from that of the Chairman. One target is to achieve:

“500 people benefiting from projects providing access to basic services in rural areas.”

The current position is that 294 people benefit, which is less than 60%, yet the target is green.

Mrs Keegan:

That target has green status because we expect quite a few projects to come through, and, indeed, they are doing so. Although we know that those are coming through, we do not have the details yet. When the projects come through, we get the details from the local action groups. However, we know, from talking to the LAGs, that the projects are there.

Mr Swann:

You said that you know from “talking” to them. Does that mean that you are taking anecdotal evidence?

Mrs Keegan:

No. By monitoring the projects and looking at the figures, we know what is coming through. I am confident about that target.

Mr Swann:

The business plan’s target is 500 people, whereas the current position is only 294, which is less than 60%. Other than what you have told the Committee in the past couple of minutes, there is no evidence and nothing for us to see. Do you understand now why we are frustrated?

Mrs Keegan:

I do. It goes back to what the permanent secretary said about the business plan. I am sorry, but I concentrated on my red targets for today. Had I known, I would have brought some information

for you on that. However, I am very willing, if it is helpful, to write to you about that target and provide some figures and evidence for its being green. However, I am confident that we will make that green target.

Mr Swann:

Will meet?

Mrs Keegan:

We will meet that target. I am confident of that.

Mr Swann:

This is the confusion: to me, green should be for a target that has been met; not one that will be met.

Mrs Keegan:

It has to be met within the year, so we have until the end of March, which, I accept, is not that far away. However, as the grants come to fruition, the figures come out about how many people have benefited. That takes a little bit of work. It depends on what the project is. We have to consider what the project was; who benefited from it; whether someone benefited from it directly; and whether there is some sort of indirect benefit. We need to assess that. There is no point in putting down something that does not mean anything. It has to mean something, and that is the work that is ongoing.

Mr Swann:

To be quite honest with you, I think that you have put down something that does not mean anything.

Mrs Keegan:

I am happy with that target being green. I apologise for not looking at that in detail and will come back to you.

The Chairperson:

Let me stress that you are quite right, Mrs Keegan. You are here to discuss the red targets. It is my fault for leading the discussion in that direction.

Mrs Keegan:

I take Mr Swann's point, and if you are happy, I will write to provide some comfort on that target.

The Chairperson:

That would be useful.

Mr Swann:

Sorry, Chair, I should have declared an interest as a member of the north-east LAG as well.

I know that you have come prepared to explain why certain targets are red. My concern is about your explanatory comments. The first red target is the plan to incur £15.1 million of axis 1 expenditure. As you mentioned earlier, that will not be met because of the financial constraints on farmers and delays. The target to incur expenditure of £24.48 million under axis 3 is also red, and that is because of the extensive review of council clusters. What I read in your comments is that it is somebody else's fault that those targets are red. You talked about the financial constraints and the challenging economic climate. Everyone, including the Committee, accepts that. However, do you accept that those targets are marked red and those spends are low because of the delay, not only in issuing letters of offer but in getting the programme off the ground?

Mrs Keegan:

You are absolutely right that there was a delay in getting the programme off the ground, Mr Swann. It is the normal delay that I experience in getting programmes of that nature up and running. It takes some time for a partnership to implement a programme. It could be done much quicker by DARD but that is not the idea; it is about getting people on the ground to implement it. There is a healthy commitment of letters of offer. There is no issue with that at all. Applications come in; letters of offer go out.

The issue occurs when we try to get spending on the ground and try to get the claims in. The difficulty lies in whether match funding is coming in, and there are reasons for that. I suppose that my mentioning the economic climate means that you could argue that I am saying that it is not down to me but to the economic climate. However, the economic climate has had an effect, as people from the local action groups and council members told me directly.

You are absolutely right; there are other things going on. Perhaps it is harder to complete the claims. There is quite a process to go through, and, as a member of a LAG, you know that economic appraisals and site visits have to be done, which take a while, and that probably has an effect as well. DARD is trying to work with the groups and help them. I spoke a little about training. If there is an issue with economic appraisals, we may be able to make the process easier in some way. I also mentioned eligibility. If that can also be an issue, is it black, white or grey? DARD officials are working with local actions groups because it is not always easy to know. This is a European programme, and that is difficult. We are trying to work in partnership with the local action groups to help that process along because it can be slow. There are various reasons why it is not happening.

The Minister's intervention in the larger strategic projects of up to £1 million is a good thing. I know that councils said that they wanted to organise certain projects, as did the Northern Ireland Tourist Board. You will probably find that a lot of good tourism projects and, perhaps, others will come out of that. Again, we want to look at those projects and get them up and running quickly. There is no point in looking at good £1 million projects if still takes a very long process to get them up and running. We want to be able to hit the ground running.

I did not mean to try to push the responsibility away from me or the Department, but other things are going on that we are trying to work with. As you know, from sitting on a LAG, it is complex and demand-led, and we have to focus on that as well. I am sorry; that was a long-winded answer.

Mr Swann:

You also mentioned the letters of offer that are submitted but unsuccessful, not sent back, or not completed. You said that that was because of financial constraints on match funding. In the north-east, we have more than anecdotal evidence that a lot of those projects have not reached the letter of offer or delivery stage because of the bureaucracy that would then be entailed in the level of audit. That has been part of the problem as well, but it has not been fully recognised. I know that you have now taken steps, but it is too late to help with those targets.

Mrs Keegan:

We have taken steps, and some of those, such as the use of e-mail, fax and quotations in procurement, have been difficult. To be honest, it took a long time to get people to accept that those were safe methods, but we got that change through. There is bureaucracy in any programme because of European audits and Northern Ireland Audit Office (NIAO) internal audits. Everyone on the Committee knows that audit must be very much part of dealing with public money. We try, where we can, to reduce the level of audit. Mrs Kelly mentioned an incident in which four inspectors arrived on the same day. If we can possibly avoid it, we try not to have four auditors out on the same day but, quite honestly, a lot of audit is required. There is little that we can do about that because we have to go through a process. However, I think that it is getting quicker and better.

Mr Swann:

Again, it comes back to the information provided in the draft plan. There is no reference to the bureaucracy relating to letters of offer. We look for DARD to be honest and open in its business plan, which goes back to the points that I made to Mr Lavery.

Mr Lavery:

To be fair to Pauline, she did say to the Committee that it was a partnership. We certainly do not discount our responsibility as a partner. It is the partnership that is not giving us the level of spend that we are looking for. These are our targets, which we accept responsibility for. To the extent that, in this case, we are not meeting our target, we accept responsibility for that. We set ourselves the target, we committed to it, we judged it, with our expectation of audit, economic circumstances and levels of match funding. We committed knowingly to the targets, so we accept responsibility for those that we do not meet.

Mrs Keegan:

Absolutely.

Mrs D Kelly:

I would like to follow on from some of Mr Swann's comments. I no longer serve on any of the rural development programme companies. In relation to the technical assistance that used to be available, Pauline mentioned that one recommendation from the lending institutions was the

provision of a business case. Has that recommendation been followed through by providing technical assistance? Finance will be an issue, so spending precious resource on technical assistance will, obviously, be an issue.

Mrs Keegan:

That is a good point. We started by trying to keep the requirements as simple as possible, as I mentioned, and that is why a business plan was not required. We agreed with the banks that the business plans would be fairly simple, so consultants will not have to be paid to produce them. DARD has drawn up the business plan templates and told people that, if they say this and that, it will work, because that is what the banks are looking for. We are providing a resource from the Department to work on that so that we do not have to spend money on consultants.

Mrs D Kelly:

Thank you. I know that, like me, many members will have been invited to events before Christmas, by the Bank of Ireland, in particular. We were informed of particular funds to assist the farming and rural community and, indeed, provide education. I am not advocating any particular bank, but what representation has the Department or the Minister made on behalf of project promoters?

Mrs Keegan:

Are you talking about the specifics of axis 3?

Mrs D Kelly:

No. If EU funding is available and a project is sufficiently robust to jump through all the hoops that the Department and the EU require, is that not, of itself, a guarantee to the banking institutions that it is likely to be successful and is, therefore, something in which the bank should be confident? Could you not act as a sort of guarantor, but without the fiscal responsibility that being a guarantor normally involves?

Mrs Keegan:

In our discussions with the banks, if I can put it that way, we talked about the very robust process that projects go through. In fact, as we discussed, some might say that the process is overly robust. If a project goes through an economic appraisal, site visits and everything else required of it, there is, we hope, a certain guarantee that it will work, and we made that point. The Minister

has made that point to the banks and asked officials to talk to them about the operational side. We have done and will continue to do that.

Mrs D Kelly:

Has the Department analysed why some promoters received funding and support from a lending institution and others did not? That might be useful.

Another criticism, which I am sure many members have heard, is that many project promoters and LAGs find that the reason for us being so far behind is that the Department was so far behind and kept moving the goalposts and changing the criteria. The Department might well argue that it changed some criteria because the EU changed them. However, as we are not across the detail of that, to be frank, I do not know whether to believe the Department on that point.

The Minister's announcement in December to some of the LAGs — I think you may have been there — was about the £5 million for rural broadband. How is that achievable? Surely some of that involves some of the infrastructure companies committing to it. Would that not have happened anyway? Is this additionality or substitution, or is it just something to try to improve along the way?

Mrs Keegan:

I have quite often heard the charge of changing the goalposts.

Mrs D Kelly:

I am sure that you have. I would have thought that you heard that every day.

Mrs Keegan:

As Gerry said, we work in partnership. We try to do that. Sometimes, things will come along that we need to change. We try to make sure that that is communicated. Perhaps it is not always as good as it should be, but we try to do that. Sometimes, it is in response to things that we both see in the programme that do not work particularly well. We start off at one position and say that that is how things will go. Then, perhaps six months or a year down the line, we say that it is better to have it another way. We change things to reflect the situation.

The programme is very diverse and quite different. For example, the LEADER programme was £21 million and dealt only with micro-businesses. Now, we have a much bigger programme

that deals across the board, and there are things that perhaps nobody has really come up against before. We are learning all the time and are trying to make sure that we put that learning in place. Sometimes, the goalposts do change, and, sometimes, perhaps it is for the better.

Mrs D Kelly:

You did not respond to the rural broadband —

Mrs Keegan:

No; I will come back on that if you want.

Mrs D Kelly:

Stephen will know — and I think that I mentioned it at an earlier Committee meeting — about the visit by GROW, which is one of the LAGs, to Finland. I understand that the Finnish people will be here during the next couple of weeks, and it might be useful to hear some of their experiences. Perhaps we could ask them to come to the Committee. The participants said that their experience of the interpretation of the regulations and the delivery of LEADER is that it is much more flexible in Finland than it is here in the North, particularly with respect to some deregulation. I intend to get further detail on that when I have the opportunity to speak to them.

Pauline, you referred to a couple of measures concerning the package of skills and the vocational training. I do not know whether it comes across your desk, but some farm businesses have diversified into B&B, for example. They tell me that they could provide work experience opportunities in order to try and retain some of the skills in farm labouring. Have there been any discussions with the Department for Employment and Learning, or could it be funded through your Department?

I understand that the agrifood industry growth predictions will require a more skilled workforce and more graduates, but there is insufficient funding to meet the demands of the industry sector and the places that could be provided by the further and higher education sectors. Should DARD take a much more proactive approach to that through the rural development programme? Members will know that the charge has been made against DARD — this is why we are having our stakeholder event — that it is looking at the next rural development programme without having had any consultation with those best placed to give a sense of what the sector should try to deliver on some of the issues on the ground. There is still a criticism

coming through, all these years later, that — although you, Pauline, referred to it as a partnership — it is an unequal partnership. They believe that there is a top-down rather than bottom-up approach. That is the heartfelt experience of many people intimately involved in delivering some projects.

Mrs Keegan:

There was quite a lot in that; I will try to go through it. You mentioned B&Bs at the beginning. Under axis 1, we can fund B&Bs, but we cannot fund bed space. The Northern Ireland Tourist Board has basically said that there is quite a lot of bed space around and that you have to be careful about it. One thing that we can do is to fund en suites or hot tubs. I do not know if there are hot tubs in B&Bs — it sounds very grand — but we can certainly do enhancements to B&Bs.

The skills issue is quite wide; and you mentioned the agrifood industry. There is the skills programme in axis 1 which deals with the industry directly. As I mentioned briefly in the presentation, I do not believe that the skills that we have put out to date have been the right sort of skills that the industry needs, especially given where the agrifood sector is, where we are going and the great potential that exists. That is why we are working with the industry to try to get a better package of skills, perhaps looking at animal health issues such as bovine viral diarrhoea (BVD) — and there is an Ulster Farmers' Union working group on that — and at foot-trimming and various skills around that. That sits within axis 1. If we can do that it will help the farming industry.

The wider skills that you are talking about may be within the rural community generally. We are working with the Department for Employment and Learning and are looking at the issue in the context of the tackling poverty initiative. We used to call it antipoverty and now we call it tackling poverty. We are hoping to work up various programmes in which we will be able to put grants in place for wider skills. So, there are two parallel approaches on skills.

You spoke about the consultation for the next rural development programme, and, perhaps, people feeling that we are going ahead without them. We talked to local action groups before the actual proposals came from the commission, which was just recently. We had an event with them at which we said that we did not actually have the proposals, but we told them what we thought was going to come out. We spoke a little bit about that for pillar 2. We said that we would talk to them again about what is happening when the proposals are made. So, no consultation is

taking place without bringing in the people on the ground. If you are not going to learn lessons from previous programmes for the next programmes, there is really not much point. I can assure you of that. We can keep in touch, and I can give you more information on that if you want.

Mrs D Kelly:

Some proposals and targets were touched on earlier. One proposal was to start a scoping study. I am trying to find where I saw that. That is not what I would call a target. It was a scoping study on something or other.

Mrs Keegan:

Was it one of mine?

Mrs D Kelly:

No, it was Keith Morrison's. It is the second last target on page 3, and it states that the sustainable rural communities branch is preparing a scoping paper about support for rural post offices. I would not call that a target that poses any challenge whatsoever. Although I hear some of the things you say, Pauline, there are quantitative and qualitative targets. For example, tackling rural poverty was about that rural assisted transport scheme. There are lots of young people in the area in which I live — I think there are more young people than older people — yet very little goes into rural areas for rural youth. It is quantitative and qualitative in terms of how the report is presented.

The Chairperson:

Mrs Keegan, we do not expect you to answer for someone else's green or red targets, you can rest assured. Are there any other points that you want to mention, such as broadband?

Mrs Keegan:

Yes. We are working with the Department of Enterprise, Trade and Investment (DETI) on rural broadband, because it has a huge rural fund, as you know. We want to work with that Department and put money in from axis 3. It is two-fold. There is no doubt that it will help the spend. We have been lobbied by stakeholders, including at the rural development programme monitoring committee, who have asked us why we are not doing more for rural broadband; and that has been unanimous around the table. We want to work with DETI to make sure that we enhance what goes into rural areas. There are still opportunities to work with local action groups

on where some of the green boxes should be sited, where there are gaps in provision, or where perhaps the megabyte speed is very low. That is something that we can do. It is not something that we would be capable of doing on our own in a lot of ways. We would not have the expertise. We are hoping to do that. On 6 December, the Minister said that we will do it while talking to you about how we can best bring it forward. She gave that commitment. We are at the stage of looking to see where the gaps are. It is my job to work with DETI to bring this about and make sure that broadband goes into rural areas and that we can see where it is going into rural areas. Again, I can keep the Committee updated on that, if that is helpful.

The Chairperson:

I have a wee question, which Mr Lavery or Mrs Keegan can answer or try to answer. We are probably the first body to complain when there is inaction. We have to say that we see action here and that we see a change in direction with regard to axis 3. Of course, we will look through the detail of that. In a way, we have to praise the Minister for taking action. I know that she has been in place only since the election, but is there a sense that there is regret that something was not done sooner in this programme to divert funds?

Mr Lavery:

I will start this one. Pauline will keep me right on the detail, but I think that, as she says, we have been looking at a disappointingly slow spend for some time. The Committee had the benefit of evidence from some of the local action groups. Even that gave rise to further concern on our part, and it was in light of that that the Minister held the meeting on 6 December and set out fully her concern to representatives of the council clusters and the local action groups. In the course of that dialogue, ideas were advanced on both sides, and out of that, specifically, came the initiative on rural broadband and the initiative on raising the ceiling for the scale of the project and bringing through strategic projects.

Could it have been done earlier? Local action groups and council clusters naturally guard their budgets and, to the extent that they have it, their autonomy. I have always been conscious that in dealing with local government I do not want to reduce it to simply being our local delivery agent but to acknowledge that it also has an electorate and, therefore, an independence and autonomy that it brings to the programme. To an extent, that was the Minister's judgement call about the right time to make that intervention. I recognise that the Committee has some concerns about the rapid announcement of that intervention, but you can understand, I hope, that, having

gained agreement, we needed to move it forward quickly. That led to the issue of a press release on what was seen predominantly as an operational matter rather than any change of policy. That was how the event came about. I think that I am right.

Mrs Keegan:

You are absolutely right. I think that you have clarified that.

I mentioned some of the work done on barriers to progress; it was quite a huge amount of work by the local action groups themselves. Fifty-eight recommendations came from that. There was an awful lot of work by them and by local government. Although, as I said, some recommendations may well be more helpful for the new programme — and there is nothing wrong with that; in fact, it is a good thing — we will try to take some of them forward. We also had the mid-term evaluation, and there are issues coming out of that, one being the review of LEADER. We have tried to do quite a bit over the last year or two. It is a complex programme. It is a huge programme, and there is a lot of work, as you and others who are involved in it know. I feel positive about it; we are making progress.

Mr W Clarke:

Thanks for your presentation. I have a couple of points. First, I welcome the decision on rural broadband. I am not sure how that will be rolled out, or how DETI will do it. Will there be a matrix for scoring rural areas? Will that take in need and deprivation? Will it take in the opportunities for rural businesses? Will there be that type of scoring matrix?

Are the LAGs the best place to deliver that? Maybe there could be a couple of villages from each area. What are your thoughts on that? It is probably in the early stages, but I welcome it. I also welcome the strategic projects. They are speedy and timely.

In working with other Departments, and I am thinking in particular about health and wellbeing centres, how quickly can the money be spent, and what co-operation will there be from other Departments to ensure that the money is spent? You are bringing in the Department of Health, Social Services and Public Safety along with DARD. How complex will that be?

I was talking to the chief executives, and they are of the opinion that you could spend money very quickly and strategically, and not piecemeal, across all the LAGs in providing rural play

facilities. A considerable amount of money could be spent because the plans are there. Most councils have drawn them up already in partnership with different sporting organisations. To make a quick spend, I imagine that that should be something that we should focus on. I am not going to go over the stuff that other people have covered.

With regard to tranche 2 slippage, you said that letters of offer have not been taken up. Is there a mechanism or opportunity whereby people who missed out narrowly could be brought into the system to take the letter of offer or revenue available to ensure that the money is spent? If they narrowly missed out, another 600 people could take their place. Is that being considered?

I might have one more question, Chairman.

Mrs D Kelly:

Pauline, just before you answer that, who gets the £5 million for the rural broadband?

Mrs Keegan:

The £5 million that comes out of axis 3 is used to enhance infrastructure. In partnership with DETI, we are looking to see where more cabinets or green boxes are needed. This is infrastructure money and will, therefore, go to the suppliers. A lot will depend on the broadband type — whether it is satellite or wireless.

Anything else that we might do and that I did not really mention, I will mention now under tackling poverty, which is the DARD fund. We may be able to look at a small grant programme that might help dwellers with their installation costs. Depending on what megabytes they get, the installation cost might be quite small. People have said that you might be talking about £100, but that could be £100 that people do not have. If we can set up some sort of small grant scheme that complements what is being done with DETI, we will do that, and we are seeking to do that. The money relates to infrastructure because the suppliers have to put in the cabinets.

You made the point about whether rural dwellers get the money. We are dealing with tackling poverty and social exclusion, and people can say that if they do not have broadband, or businesses do not have broadband, then they are socially excluded. If we can bring out some sort of programme under tackling poverty, we will do it. That is how we hope to be able to do that.

The Chairperson:

I thank Mr Clarke for his patience. There is always the joining-up fee. Perhaps there should be some pragmatism by suppliers, as there is with the gas networks. I have had success in going to gas companies and saying that individuals would like gas but cannot afford to get it implemented and join up. There has been movement by the gas companies, and they have waived the payment because they have been assured of the income from the gas supply. Therefore, it is something that could be looked at in this sense. However, it may not be the same, because the majority of people have phone lines. Nevertheless, there is still a cost to bring in broadband.

Mrs Keegan:

That is absolutely right. We have been saying that we think that the DARD scheme would be a way of helping people in difficulty. That is the sort of idea that we are looking for.

The Chairperson:

Thank you for your patience, Mr Clarke. Pauline, it was so long ago that you have probably forgotten the questions.

Mrs Keegan:

It is OK, I wrote them down. As regards the roll out of rural broadband, Mr Clarke spoke about the scoring and whether the LAGs would deliver. He is right: this is at an early stage, because essentially it has not been long since the Minister talked to the local action groups about it. There is work to be done with DETI on how we take this forward, and DETI is aware that we want to involve our local action groups as much as we can. That may be by way of the groups being able to identify black spots and gaps. They can do that sort of work, and I think that that is how we will proceed. However, we have nothing in stone on this, so all thoughts about it are welcome.

As regards the strategic projects and how long it will be before the money is spent; the whole idea is that we need to get strategic projects out quickly. So, they have to be projects whereby a lot of the statutory approvals are in place and they have been worked up to a certain extent. You talked about rural play facilities and council chief executives. Chief executives have been on the phone to me over the past couple of days, saying: "We have an issue here. We could work together on this. Will this fit?" I am saying: "Yes, I don't see why not."

The local action groups are coming to the table on 19 January. They will have a list of

strategic projects and will have talked to councils. One group tells me that it has about £7.5 million worth of projects. I think that will be a good thing and will work.

As regards working with other Departments; it depends on the issue. We do quite a lot of work with other Departments on the tackling poverty initiative. Sometimes, it slows the process a wee bit, but it is still a good thing to do because sometimes other Departments have the remit and we do not. So, we have a wee bit of experience of tackling poverty that will help us.

As regards tranche 2 slippage: yes, it is 100% EU-funded. We over-committed our money because we thought that some people would not take up the funding. So, we will be able to go down the list. That is happening, just as you say.

Mr McMullan:

Thank you for your presentation. It was very interesting. Do you think that councils are utilising the rural programme to the extent that they could? I believe that there is a wee bit of apathy in councils as regards the urban/rural aspect. Some with a bigger percentage of urban membership do not see the benefits of the rural programme. Therefore, spending by some councils on the programme is very low. I would like your views on that. I am not putting you into a corner on that one but that is one of the things I looked at. I am an ex-member of a local action group.

In a presentation last year, representatives of the JCCs and the LAGs stated that they were quite happy that they would meet their targets of spend; they were quite confident about spending their money. I am not taking up the baton for any side but while we are trying to get to grips with the difference between red, green and amber status here, are we doing the same with the JCCs and the LAGs and their red, green and amber status? They told us that they are confident of spending their budgets, and then we quite clearly see that those budgets will not be spent. So, there seems to be a breakdown somewhere along the line.

Businesses were told by some JCCs that they did not qualify for funding because of their business type, but that is not the case. We found out that some businesses can get funding. I am not putting the blame entirely on them, but I think that part of the problem has to go back to the JCCs and the LAGs as to the interpretation of the rules or how you interpret who gets funded. That has a lot to do with it.

I think that one member talked about Finland being more lax. It is maybe the interpretation of how those people spend their money. I have seen it at first hand. I enquired about it and I was proven right.

The other issue is that of playgrounds; which a party colleague raised. Some councils have already been very successful in applying for funding, but it again goes back to the urban and rural side of things. You will find that this mostly comes from rural councils, because they can do it on their capital projects. That is the problem with urban and rural councils. Some councils have not bought into the programme or realised that there is money available. For example, one council had a programme for one playground, which was going to cost roughly £60,000. By the time the grant had been awarded, the playground cost that council's ratepayers less than £20,000. That is a good deal in anybody's terms, not just in ratepayers' terms, but it is not happening in some of the bigger councils.

However, some larger urban councils have been very successful with programmes for tourism. They have been very innovative on those projects; more so than some rural councils. I think that work needs to be done with councils to develop the benefits of the rural programme, because I do not think they are fully buying into it yet. They have put money aside for village renewal — £50,000 — but the perception in the communities is that the £50,000 is the only money that the council will spend, whereas that is not the full story. The council could apply for other funding outside of the village plan. That is only one example, but it is the perception among some of the public. I have spoken at length with one particular group recently to try to convince them.

I am not taking up the baton for anybody here; we can get hung up on red, green and amber, but I think we need to be looking at both sides. We need to look at how we interpret that and how we get the money out there. We should look at what we believe should be funded and what is not being funded. The banks, etc, have a bearing on some things, but I think that we could put more through if there were a bit more innovation from some of the LAGs and JCCs. I know what Mr Lavery said about councils not being the point of delivery, but he is quite right when he says that they are there for the ratepayers. If money can go towards decreasing the spending on capital projects, then I think it should be taken. I think that the £1 million that the Minister has put in could be a lifeline to a lot of councils, because if we go into the RPA, there will be inevitably a stop in spending by councils, and this could be a lifeline to them.

Mrs Keegan:

I agree with what you said about councils utilising the programme to the extent that they could do so. Gerry has made the point about councils not just being implementers of the programme but actually being part of the programme, even though bringing their experiences, financial and so on, to the table is very important.

The whole idea of the JCCs was that they would bring the context of what is going on to the table, and use their local knowledge about where other money could be brought into. Perhaps one of the problems has been the smaller projects that we have been dealing with, those of £50,000 and £250,000. Although everyone wanted to be able to be more innovative, perhaps this is one of the changes that the Minister is hoping to bring about that will help.

As you mentioned, the chief executives have been lobbying on strategic projects, including playgrounds. That is fine, and I think that there is definitely a way forward as long as there is no actual substitution or anything like that. I hope that councils see the programme as representing a real opportunity to do good in the community. However, I think that the strategic projects of £1 million, and maybe more if we can bring it about, will help on that.

The local action groups, when they were up in September, said that they felt that they could spend their money, and I know by talking to them they are looking at the long-term view, maybe until 2015. However, in an annual business plan, we are looking at the milestones that Gerry talked about. So, that perhaps explains the difference. Although you can be committed, you must see the spend coming out the other end. We have had discussions about that, and, hopefully, we are more together on it.

Mr McMullan, I think that you mentioned the issue of businesses being told that they do not qualify. There was a specific misinterpretation, and I think that we are OK with that now. However, if you have any issues with that, I am happy to look at those.

Mr McMullan:

No, that was just a general comment.

Mrs Keegan:

You and Mrs Kelly mentioned the example of Finland. The situation is different in every

member state. We have looked at Finland, and there are issues there. There are also issues with some of the LEADER groups in the South and those in other member states, and those issues are not always the same. The local action groups that went to Finland were able to bring back some of the experiences from there, and that can only be a good thing. We are happy to take those experiences on board.

Mr McMullan:

I do not want to demean what Mrs Kelly said, but the EU is not a one-size-fits-all organisation. We have seen that in different Departments. In some areas in Europe, they are more flexible and get more. The interpretation of the rules by the EU in those areas seems different from here. Sometimes, we take the brunt of the bureaucratic mix-up in Europe. Indeed, the Committee discussed a clear case of that before Christmas. Part of what is happening here is because of that European bungle.

The Chairperson:

Yes, I understand. Mrs Keegan, have you met the visitors from Finland? Can you assist in any way by getting information from them and giving it to the Committee?

Mrs Keegan:

Unless I am wrong, I think that it was local action groups who went to Finland. Was that the way of it?

Mrs D Kelly:

Yes, but the Finns are over here now.

Mrs Keegan:

Are they are here now?

Mrs D Kelly:

They are coming over.

Mrs Keegan:

I was not aware of that, although I think that I did hear something about it. From what I know, the local action groups will want to meet them. However, they will also want to feed in what they

have learned to us. We are happy to be part of that in whatever way we can.

The Chairperson:

Will you supply us with any information that comes your way on that?

Mrs Keegan:

Yes.

The Chairperson:

That will be important. I take what you said about different methods and methodologies —

Mrs Keegan:

Sometimes, there are different circumstances, too, Chair.

The Chairperson:

Also, the priorities in other member states may not be the same as ours. However, I think that it would still be useful even to rule out some practices.

Mrs Keegan:

I am happy to do that.

The Chairperson:

The Deputy Chair talked about supporting the growth of the agrifood industry rather than just talking to its representatives. Is there any way that we can measure the scale of that with regard to what we can do more of in the rural development programme? There were issues with the agrifood sector and being able to support it. Is there anything more advanced that we can do in that area?

Mrs Keegan:

Recently, we made start-up grants available to those in the agrifood industry through the grants scheme. That came from our talks with representatives of the industry. The processing and marketing scheme allows grants of up to £0.5 million. The industry told us that that was fine if an organisation was capable of taking on that level of grant and making use of it. However, others coming down the track want to get a step on the ladder, so we made that specific change to

the scheme to allow those people to avail themselves of smaller grants. I called them “start-up” grants but that may not be the right term. That suggestion came from the local action groups, as people came to them and told them that they wanted to do something with food. However, they were being pushed into axis 1, which, with the huge grants on offer, was of no use to them. They told the local action groups that we needed to do something that allowed people to get the stage of becoming businesses like Moy Park. That is the change that we made.

Mrs D Kelly:

The specific response that I wanted was that money could be transferred from the Department to educational institutions to provide places. Indeed, that idea came from the O’Hare report. There is a need for increased places at, for example, Queen’s, and no doubt some college and NVQ courses have been filled and were oversubscribed. If there is unemployment in a certain area and a need in the industry, why can the Department not do something? At the moment, I see £5 million going to companies such as British Telecom as a potential supplier. If those companies make a profit, will any of that money go back to local communities?

The Chairperson:

One point that should be clarified is that the Department is not responsible for allocating places in universities.

Mrs D Kelly:

Could you not do that through this scheme?

Mrs Keegan:

No. not through this scheme.

On the subject of broadband, you are right that the money will go to suppliers. However, that is because they have the technical knowledge to put the boxes on the ground.

Mrs D Kelly:

Surely that would have happened anyway. What are the barriers to it happening? It is happening in my area, in Aghalee and Aghagallon. BT phoned me last week about fibre-optic broadband.

Mrs Keegan:

Yes, it will happen. We are putting that money in because people have told us that there are different types of broadband depending on where you live. You could almost be on top of a mountain in a very remote area, and it is very difficult, as it works at the moment, to get broadband in the way that you need. What we want to do with our money is to help that situation. You are right, Dolores, to say that there will be cabinets on the ground, but that is what you have to do to put the infrastructure in place. We are trying to complement that in some way if we can. We are at the beginning of that process, and we are happy to talk over ideas about that and about how we can give out installation money. You mentioned various other things that we can do. If we can do that, it will be a good complement to that other scenario.

The Chairperson:

It is more complex than that. There is the infrastructure argument about, in layman's terms, the green boxes. However, it is simply not good enough to get a cable to a household. If the cable is too long, it will not work. The infrastructure must not be up to households. Where I see merit is in doing something to relieve the pressure on households.

Mrs Keegan:

That is absolutely right. The Department of Enterprise, Trade and Investment (DETI) has the policy remit for telecommunications. The remit sits squarely with that Department, not with ours, and we have to respect that. With DARD money, we are trying, where we can, to enhance what is happening in rural areas and do what we can to complement that. There are various other bits and pieces we can do. Logon.ni allows people to find out where broadband is in their area, whether they can get it, what type they can get, and whether cable, etc is available to them. We are trying to work with the local action groups to enhance that as well. We can do certain things that are within our responsibility, but we have to accept that the responsibility for telecommunications lies with DETI. The two Departments can work together on it.

Mrs D Kelly:

I would have thought he who pays the piper calls the tune.

Mrs Keegan:

We hope that we can work together on that for the benefit of the rural community.

The Chairperson:

I have been very relaxed about the length of the discussion on the rural development programme, but we have to tighten up. I mean no disrespect to the other areas, which are no less important or less detailed. I need to manage our time carefully.

Mr McMullan:

I meant to include broadband in my question to Mrs Keegan. One of the real benefits of the introduction of broadband in areas where it is not yet present is that it would greatly enhance the economic hubs or corridors that are being set up. Some large parts of the Six Counties are without broadband. So a major economic and employment benefit of broadband is that it will regenerate money back through the communities. That money could benefit a community many times over. Broadband is a godsend to those communities, and, without this economic drive, they would have to wait for years to get it. We have the opportunity to bring it to them now.

Mr Buchanan:

It is important that the money is focused on targeting and hitting the black spots rather than increasing the speed already achievable. In west Tyrone, speeds increased in some areas, but that hindered people who were already getting broadband. I now have constituents who cannot get broadband, or scarcely get it, but they had been getting it reasonably well until the speed was adjusted.

Mrs Keegan:

I agree with you, Mr Buchanan. I think that that is right, although increasing the speed might benefit a rural business. The technicians need to get the speed up from half a megabyte, which is useless, or can be, to two megabytes. However, you are right that the main focus should be on the gaps.

The Chairperson:

Thank you, members. I have been relaxed about the discussion, because I know that it is important. Mr Elliott, I mean no disrespect to your or other subject areas coming before us. It is not that they are any less complicated or important; it is just that I have to manage our time. I ask members to consider that and to be more concise in their questioning.

Mr Elliott, I forgot to mention that you will talk us through the countryside management scheme, specifically the environmental enhancement and agri-environment schemes. You will also cover disallowances and the land parcel identification system (LPIS). Perhaps you would address the countryside management issues first.

Mr Andrew Elliott (Department of Agriculture and Rural Development):

I had planned to focus mainly on the LPIS maps, because that was the area of greatest challenge in the targets laid out in the business plan. However, on the countryside management side and the agri-environment schemes, the target is to achieve 42% coverage. The Department has fallen below that target for a very short time, but we are confident that we will be back on target by the end of the financial year. We will do that through a combination of work to introduce new countryside management scheme contracts in the next few months and by extending some ongoing agri-environment schemes. The Minister has decided that those can be extended for a further year. Essentially, that means that we have met the target, which, as regards the wider outcome, is of course, is in the interests of agriculture and the environment. Hopefully, that is relatively straightforward.

The Chairperson:

There are no questions on that aspect, Mr Elliott, so we are happy enough to move on to disallowances and the LPIS. The Committee has had a keen interest in disallowances and the situation last year. We would welcome a brief update on how the negotiations to reduce earlier disallowances are going and what cases, if any, are subject to legal challenges in Europe at present.

Mr A Elliott:

The specific target in the plan was that 70% of farm maps would be issued by the end of this month. It is safe to say that that was a challenging target. It is also a milestone target. In other words, taken on its own, it achieves nothing. In fact, poorly handled, it could achieve very bad outcomes. However, it was an indicator of progress. The reality is that we will not achieve that target by the end of January. A lot of work is being done on testing the systems. I am conscious that the Committee has set aside time on 31 January for a more detailed update on LPIS, disallowance, and so on. That is a very important date, because we will have fuller information then than it would be possible for me to give you now. That is because the testing process is still under way, and decisions will be made on the outcomes of that.

It has proven to be extremely challenging. The timing of a set of maps that are effectively a LPIS refresh is really important, not just so that we have the maps as soon as possible but so that they are done in a way and at a time that does not disrupt the processing of payments down the line. The data must be sufficiently groomed, crafted and carefully produced so that it does not cause that disruption. The timelines are important, but it is even more important for us not to jeopardise the way in which we run the single farm payment, in particular, by putting out maps in a way that is imperfect. Therefore, we may want to take further time beyond January to ensure that the maps are as right as they can be.

The land on plenty of farms in Northern Ireland is very clean, which makes it easy to see the boundaries and how the field is laid out. However, on huge swathes of Northern Ireland, that is not the case, and it is extraordinarily difficult to map properly from orthophotography. For example, quite a lot of scrub can build up in some areas, particularly in the west. Some of those areas have proven to be the most challenging for us when it comes to the detailed work of getting it right. You will recall that the Minister, in November, talked about the levels of accuracy that are necessary for us properly to mitigate the disallowance and get things right. That is the territory that we are in. If it were as simple as looking at a photograph, seeing a hedge and saying that that is where the boundary goes, we would have no problem. If you see a hedge with a fence beside it, a shuck in the middle, a bit of a stone wall sticking out somewhere else and some scrub around that, and then multiply that across a very large proportion of fields, you find an extraordinarily complex piece of work that needs to be done. We need the mappers and the agricultural folk to look at it to make sure that we get it as right as we possibly can before we let it go out to the farmers. In some ways, I am sorry that we cannot meet the 70% target. In other ways, it is far more important that we maintain our emphasis on getting it as right as we can.

The Chairperson:

Thank you very much, Mr Elliott. I know that there are a number of questions, because we talked about the matter before you were present.

Mrs D Kelly:

Andrew, what is the timescale for the maps that are currently being issued? Your business plan report states that this year's target is to process the single farm payment by paying 95.24% of the annual budget allocation. You said that you are on target to meet that. However, you also say:

“A submission on 2011 payment processing targets will be made to Minister in mid November with view to publishing new targets before end November.”

Will you give us an update on that? Was that done, and have those been agreed?

The Chair, in his opening comments, talked about the forestry projects. There is some confusion. I note that, in one place, it is stated that 208 hectares of woodland were created when the target was 200 hectares, but 42% of countryside management agri-environment is not on target. As I understand it, because of the backlog in the required single farm inspections, staff involved in countryside management inspection have been shifted across to deal with single farm payments. Thus you have just cut by over 1,000 the application calls for countryside management, and that will have an obvious impact on your target.

I know that the next target is not your responsibility. However, it is that £1.87 million is to be spent on forestry. The target is given green status but, to the end of September last year, the amount spent was £539,000. At that stage, with six months left to run, you had still to spend about £1.3 million. Will you still be on target? Will it still be green?

Mr A Elliott:

I will take those questions in the order in which I received them. The timescale for the issue of maps is heavily dependent on the current test period. Some maps have been issued as part of the test process. In fact, over 200 maps have been issued to farmers in two specific locations, and there is a third specific location, where —

Mrs D Kelly:

Will you give us a bit more detail? Where are those locations, and what is the timescale for farmers and others to look at them? What, if any, is the appeal mechanism?

Mr A Elliott:

One batch of farms to which the maps have issued is in the Larne area. The second is in the Dungannon area, and the third, where we have been doing quite a lot of the work, is on the outskirts of Enniskillen.

The Chairperson:

The detailed target in the business plan is for:

“at least 70% of improved maps ... to be issued to farm businesses by the end of January 2012.”

Mr A Elliott:

Yes. That is the milestone target that I said was challenging and, in my opinion at this stage, not achievable — we will not achieve that target. As I said, it is essential to recognise that the timing of the issuing of the maps is all-important. It must be done when there is sufficient assurance about the quality of the maps and that they are sufficiently robust. The integrity of the data must have been tested and run through the software systems several times. That is to ensure that farmers end up with a reasonable product that they can at least understand so that they will be able to say that a large number of their fields are not missing, or whatever.

Mrs D Kelly:

What bearing will that have on the EU fines?

Mr A Elliott:

The key point is that, if you put out a new mapping system that is not sufficiently robust and stable, you increase the risk of disallowance rather than reducing it.

Mrs D Kelly:

I could have worked that one out, Andrew.

Mr A Elliott:

Yes, but the devil is in the detail. Frankly, a massive amount of work is required. We talk over and over again about the complexity of this exercise and what it involves. I would be very open to Committee members who are interested coming to see what goes on. If it is of interest, we could take you through the things that we encounter that make it difficult to complete the exercise quickly.

The Chairperson:

Would that be at Colby House?

Mr A Elliott:

We could go there. There are also people working on quality assurance at Loughry College. We could manage the location if that would help.

Mr McCarthy:

Will there be any trips on helicopters?

The Chairperson:

There is a virtual helicopter at Colby House.

Mr A Elliott:

I would have to talk to Land and Property Services about getting you up on the plane that takes the photographs.

The Chairperson:

Are there any further points from Mrs Kelly before we move on?

Mrs D Kelly:

We could try to get those points answered first.

Mr A Elliott:

There were a couple of other points. Specifically, there are forestry targets and agri-environment targets in the plan. Although both contribute to environmental outcomes, they are separate targets. The area that we have covering agri-environment schemes dipped below the 42% target, but it will return to 42%. Barring an unforeseen circumstance, we will get that area of ground back to over 42% before the end of this financial year, because we are working on extending some contracts and bringing in new contracts for countryside management schemes.

It is very important to us that farmers improve their compliance with that scheme. If sufficient numbers of farmers do not follow through and deliver on the actions to which they signed up, it could endanger the scheme for all farmers. It is a different kind of scheme from the single farm payment. If farmers sign up to put a hedge in place, they must put that hedge in place within the time allowed. That needs to be an important part of their planning on the farm.

Mrs D Kelly:

The Minister undertook to provide better education and improved communication.

Mr A Elliott:

That is right, and we are working on that. We are putting in place plans for the early part of the year to support farmers and ensure that they understand the requirements of that scheme. We do not want to jeopardise the money, which would, in turn, jeopardise the target again.

Mr Swann:

Thank you, Mr Elliott. I want to go back to the LPIS maps: you admitted that 70% was a challenging target but what is 70% numerically?

Mr A Elliott:

It is 70% of approximately 37,000, so you are challenging me now to work that out.

Mr Swann:

Would it be somewhere around 20,000?

Mr A Elliott:

Yes.

Mr Swann:

You delivered 200.

Mr A Elliott:

That is one way to look at it, yes. If you wanted to be unhelpful, that would be a good way to look at it.

Mr Swann:

I am not being unhelpful; I am using the information provided.

Mr A Elliott:

Strictly speaking, you are correct. It is a very low percentage, but what is critical is the testing. The mistake that other paying agencies made was to issue maps without adequately testing them. They then spend years trying to correct the problems that result from that. I would rather have your ire today in relation to the maps than your ire tomorrow in relation to the payment targets.

Mr Swann:

Against a target of 70%, you have achieved, roughly, less than 1%, but the target status is amber.

Mr A Elliott:

The target would now be red. At the point that we notified you of that, we were not sure what the circumstance would be. I am now quite confident that we will not make it.

Mr Swann:

I will stand corrected if wrong, Gerry, but I do not think that you mentioned that the LPIS target had moved to red status. In your opening comments, you mentioned that the education strategy and the rural development programme were at red.

Mr A Elliott:

That has become clearer only relatively recently.

The Chairperson:

Had it been green, it would be a bigger issue.

Mr Swann:

There is still an issue in that it is amber.

The Deputy Chairperson hit on the disallowances coming from Europe. Our defence against any further disallowances was that LPIS would be the robust mapping system that solves all our problems. I fully accept that the Department will not issue a mapping system that is not correct or accurate. Are we paying for an ongoing mapping system? Are we paying for people to deliver a mapping system that is not delivering? Are there ongoing associated costs?

Mr A Elliott:

No. An awful lot of really valuable work has been done by LPS and the Department across a whole range of areas to build this project and get the maps produced. The vast majority of the maps are there. We are just not content that they are in a form that we can think about putting out right now. The great deal of learning and work that has gone into developing the project is not lost at all. We will continue to build on that and further refine the maps so that, at the appropriate

junction during 2012, we will be able to put those maps to the farmers.

Mr Swann:

If I challenged you now to put another target into your business plan for when 70% would be achieved, how would you respond?

Mr A Elliott:

At that point, I would ask you to talk to me again on 31 January, please. We really need to —

Mr Swann:

I will not hold you to it, but when will the 200 maps that you mentioned be at a satisfactory or acceptable level?

Mr A Elliott:

The figures are not yet finalised, but approximately 25% of farmers approached us with issues about those maps. Not all those issues were to do with the maps being wrong. Those maps were not too bad but the testing is not just of farmers' reactions. It is also about looking at the wider population of maps as they come in. We have some issues with that wider population. In other words, if DARD staff have time to finely groom a map and make sure that it is as right as possible, it works well. We have problems, however, because we then need to automate to the point at which we can put larger numbers through. When we do that at the moment, we find that the quality is not sufficiently high, so we need to keep tweaking the systems to ensure that the quality of those maps is reliably good when we issue in bulk.

Mr Swann:

When you produce a map that has problems — the Deputy Chairperson touched on this — and farmers come back to you with it, are payments delayed while it is being queried?

Mr A Elliott:

We would hope not. However, the reality is that a new LPIS refresh means a dip in payment targets. It is very difficult to refresh those maps without that happening. The key challenge for us is to minimise the impact of that dip. Let us look at a parallel situation: the Commission told us that we had to toughen up our inspection regime. So we did, and that produced an awful lot more work for the administrators in Orchard House in processing payments, and so on. That has

challenged us in regard to our inspection targets. The LPIS mapping system will have a similar impact, except, potentially, across a larger number of farms. That brings challenges, and the tension that we have to balance is the need to get the maps out quickly while managing the customers and making sure that farmers get their payments in reasonably good time.

The Chairperson:

I will ask Mr Swann's question in a different way: how far short of the 70% target will you be by March 2012?

Mr A Elliott:

That is a good question. One of the judgements that we have to make is that, as we come up to the claim period, which is when farmers fill in their forms, it is possible to confuse them by sending out information late. The question in our mind, which, at the moment, is one of the things that we are looking at, is just how many more maps we should issue before we have a break until a certain point. Again, I would like to talk to you about that at the end of the month.

It will not affect the ultimate goal for the end period; it would not change that. However, there are certain months of the year in which we would choose not to issue maps, simply because of the impact it would have on farmers. If we successfully confuse the farmer, we will successfully undermine our systems in Orchard House. It is important for us to manage that.

If we do the test and apply the test results properly by the end of March, we will have done well. However, I need to hear back from others before I can be sure of that.

The Chairperson:

Mr Elliott, it is fair to say that we recognise the potential, and that there is balancing act between speedy production and the creation of detailed maps. If farmers are given good detailed maps, that will go some way towards reassuring them. It will also lessen the responsibility and onus on the farming community to check those maps. I realise that there is a tolerance here. Prompt payments bring in another ingredient, which creates a whole dilemma and situation. Thank you very much.

Mr Lavery:

Mr Chairman, I ask for the Committee's indulgence. I committed to meet the Minister at 4.00 pm. If the Committee has finished with the general questions, it would be helpful if I could be

excused.

The Chairperson:

OK. Thank you for your attendance today, Mr Lavery. I know that you volunteered your services.

Mr McMullan:

I also ask for your indulgence as I, too, must go. I see from the agenda that we will be discussing the trip to Dublin later. Can I make it a matter of record that Willie and Conor will not be travelling to that meeting? I will be in the Assembly on Thursday and I will speak to the Committee Clerk about the arrangements for the trip. Will that do?

The Chairperson:

Can I ask that we have you with us for as long as possible today? We have a quorum at the moment. Mr McMullan, you are always the unfortunate person in that respect.

Mrs D Kelly:

Have a word with your colleagues.

Mr McMullan:

What do you mean?

Mrs D Kelly:

They are too cute for you, Oliver.

The Chairperson:

If you leave, we can still go on with the presentation, but we will be unable to make any decisions.

Mr McMullan:

I will hold on and pray that Willie comes back.

The Chairperson:

The Committee will move on. Dr Speers, do you want to come forward and discuss the

greenhouse gas reduction framework, which now seems to be back on target. I will give you time to get settled.

Dr John Speers (Department of Agriculture and Rural Development):

Mr Chairman, the specific target was to agree a greenhouse gas reduction framework and action plan by October 2011 and progress the priority actions through the communication plan by March 2012. That target was amber in October, because, at that stage, we knew that we were not going to meet the October deadline. However, the greenhouse gas reduction framework and action plan was achieved in December, which was a slippage of a number of weeks on the October target date. During December, the framework and action plan were published on the Department's website and the various partner organisations involved in preparation of the greenhouse gas reduction strategy are in the process of loading it on to their websites. As a consequence of that, although we did not meet the October target date, we feel that the production and agreement of the strategy converts that target to green status.

The Chairperson:

Do members want to comment on that aspect of the business plan?

Mrs D Kelly:

I cannot find it in the business plan.

The Chairperson:

It is on page 4.

Mrs D Kelly:

Why are we relying on the English action plan? Why do we not have a specific action plan for the island of Ireland? Some time ago, in a previous life as the Chair of the Committee for the Environment, I visited AFBI. During that visit, I learned that there are significant differences in the type of farming and the nature of the soil that make farming here different. That is not a political point; it is very much an environmental point.

Dr Speers:

I can reassure you that we are not dependent on any English plan. We considered some of the learning from other regions in the development of the Northern Ireland plan. The stakeholder

group was made up of organisations representing agriculture, forestry and environmental interests, with a focus on local conditions and circumstances.

Mrs D Kelly:

If that is the case, how does it reflect the South's plan? Some farmers farm partly in the North and partly in the South; will they have to work to two different schemes?

Dr Speers:

This approach is very similar to the one being adopted in the South, in that it is about maximising the efficiency of production, and, in so doing, reducing the carbon intensity of the various commodities that we produce. From an economic perspective, that is exactly the same as efficient farming on the island of Ireland.

Mrs D Kelly:

Chair, if you recall, I think it was another research institute that told us that the science around the impact of cattle and gas emissions was not something that should be relied on. Given that the milk quota will be lifted and that one aspiration is to increase the dairy herd, will one plan laugh at another if we say here, in the North, that emissions from cattle will increase levels of methane gas, which will then limit the potential of the dairy sector to increase its herds?

Dr Speers:

No; because this is about reducing carbon intensity per unit of output. That does not constrain the amount that you can produce, but the more efficiently you can produce it, the less of a carbon footprint will be associated per unit of the output. It will not constrain an expansion of any of the sectors.

The Chairperson:

There are no further comments, Dr Speers. Thank you very much for your attendance here today.

We will move to Mr Fulton and the education strategy. It might seem a wee bit like we have revolving doors here, but that is because of logistics. We could not get a big enough table for you all. I will give you time to settle.

This might well be painless and brief also. The education strategy has been given a red status,

and the comments are about resources being diverted to CAP reform work. Again, it is the Department's job to balance things, and pressures will be different as time goes by. I commend you on the fact that there has been a degree of accuracy and detail in the comment. However, is that the best place to put it? You mentioned the word "park": are you saying that action on the education strategy has been deferred? How much does the Department value the education strategy? Resources have been moved to CAP reform, which is a very important issue, do not get me wrong. However, the question is how much importance is being placed on the education strategy.

Mr Norman Fulton (Department of Agriculture and Rural Development):

It is an area in which the Department expends a lot of resources. It is an important area for the Department, but CAP is also extremely important; therefore, difficult decisions have to be taken.

The target was to complete a formal consultation by the end of March this year. Behind that target, an awful lot of work has been taken forward. Much has been focused around building the evidence base to inform the development of the strategy and the review of the education side of things. An important element of that research is commissioned from AFBI, Lantra — the sector skills council — and some research has been conducted in-house. We are looking at issues such as the level of education and skills that exist; the needs and the gaps that exist in the context of current and future challenges. We have also looked at the destination of students coming out of CAFRE in particular, and the impact of education, particularly the economic benefits that derive from education. Some interesting work has been done there. We have also looked at the supply or provision that exists, not just with CAFRE, but with other providers. There has been a broad range of research taken forward, which will be available. We hope to publish all of that very soon, so that the information is not lost and can be used to inform things such as the development of the agrifood strategy — I would imagine that there will be elements of education in that — and the future rural development programme, of which skills will be an important element. All of that research can feed through into those processes and we can capture the benefit of that work. Although we will divert to dealing with the CAP reform issue, and, undoubtedly, there will be issues emerging from that, which will feed into education needs further down the road, we would like to resume at a point further down the road. So, it is important.

Mrs D Kelly:

Norman, I cannot understand why one piece of work has to be put on hold. How many people are

involved in the CAP reform process? Is the entire unit responsible for the education strategy? Given that the economy is the stated objective of the Programme for Government, both in the last term and this term, why is such a strategy being put on hold, particularly given the potential of the agrifood sector? I go back to some of my earlier questions and comments, which I do not feel have been answered completely.

Mr Fulton:

Within the resources under my control, the policy development branch is a very small unit, and comprises four or five individuals. They are still working on tidying up aspects of the evidence base so that we can get it published. They will also be taking forward some education issues. For example, there will be some subordinate legislation coming forward to the Committee later in the year dealing with student fees. There are some aspects of education that we will still have to carry forward, but I really do need the resource to deal with CAP reform. Therefore, I have to divert the resource within my control to deal with those very important issues. You may say that, surely, CAP reform was foreseen, and ask why we set out with an ambition of developing an education strategy. Things move along. The initial target was set almost a year ago. Proposals for CAP reform, as you know, have been delayed — they were originally due to come out much earlier in the year — yet the end point for implementation has not been shifted, so everything has been concertinaed. The reform proposals are more complex than we had hoped for, so there will be a lot of work to be done in a short period of time. It comes down to prioritisation, unfortunately.

Mrs D Kelly:

Earlier, Pauline Keegan talked about partnership. An education strategy is not something that you have to rely on your policy staff to do, because it is a matter of speaking to some of the other education providers, which, I am sure, have quite pertinent views on what a strategy should look like. I really do not accept that the Department should park the education strategy, particularly in light of the Minister and others advocating that agrifood is the sector that will lift us out of recession. I think that it is a poor judgement call on behalf of the Department and that it is something that we should take up with the Minister. Staff are being shifted around in all sorts of directions, so I cannot see how, if there is the will to do so, the Department could not achieve both objectives. Let us face it; the education strategy and the agrifood industry have not crept up on the Department. It was the stated goal of this Administration and the previous Administration for the past four and a half years.

Mr Fulton:

There is a significant education provision ongoing. It is continually being refined, and we will have the benefit of the research to further refine and inform our education and skills interventions, which are going on all of the time. So, it is not as though nothing is happening on the education side. A lot of work will continue. As I said, the preliminary work that we have done will feed directly into some of those major issues, such as the development of the agrifood strategy and the next rural development programme, and will help inform the directions that they take. A lot of work will continue on education and skills, which are key aspects of the Department's work.

Mrs D Kelly:

Am I to understand that there is currently no education strategy in the Department?

Mr Fulton:

There is an education policy and various iterations of it can be traced back to the 1980s. The one that exists at the minute would have been in the mid- to late 1990s. However, like all things, we sometimes have to step back periodically and take a wider view of what we are doing on the education side of things. A lot has changed since the 1990s. We have had the creation of CAFRE, where previously we had three separate colleges. A lot of change has happened on the education side of things, and the industry itself has also been changing. Therefore, it is good practice to take the time to stand back every now and then and assess strategically what the big issues are and look forward to see what they will be over the next 10 years. Education is a long-term investment, and it is right that we should do that.

Mrs D Kelly:

Currently, there is no glossy document lying on a shelf somewhere called the education strategy for the Department of Agriculture and Rural Development that I can pull down and look at.

Mr Fulton:

There is a document, and, if my memory serves me, I think that it is called 'Education and Training Towards the Year 2000'.

Mrs D Kelly:

Goodness. It is good to know that we are keeping ahead of time.

Mr Fulton:

There have been other documents since that: for example, the response to the O'Hare report.

Mrs D Kelly:

Yes, that is another story.

The Chairperson:

Perhaps you have answered this question, and excuse me if you have. Now that you have taken the sacrifice and the hit with regard to CAP reform, have you been given any reassurance by the Minister or the permanent secretary that, if the CAP reform settles to a certain degree in the months ahead, you will get extra resources to complete the work on the education strategy? Will it become more of a priority, and will you be given extra resources to get it up to speed?

Mr Fulton:

Do you mean on the education side?

The Chairperson:

I mean the education strategy itself.

Mr Fulton:

Not at this point. I have had to divert my current resources for education to CAP reform, so there are no additional resources. As you are aware, the Department is working with a constrained overall resource.

The Chairperson:

I do not intend to put you in a position, but do you see merit in that? Is it a realistic proposition? If pressure were to relax in other places, such as in CAP reform, could you realistically expect to receive more resources to cover this, and would that work?

Mr Fulton:

I do not know whether it would. It is not just a case of taking forward the work to develop a strategy: there also is the work involved once the strategy is in place. I do not know of any strategy that recommends the status quo. Therefore, there are work streams that will flow from

the other side of this, whatever they may be. The Department is taking on some very big projects over the next year or two on the policy side in developing big issues such as the scoping of the next rural development programme, which will be a big area of work over the next 18 months, and our input in developing an agrifood strategy. Those will take a lot of resources with regard to policy development. It is not just a case of developing a strategy and then walking away. There will be a subsequent set of work streams emerging from that. Therefore, we need to be confident that we are in a position to take that forward.

Mr Buchanan:

Obviously, work on the education strategy is not complete and has been parked. When will that work be taken up again?

Mr Fulton:

I cannot give you a date.

Mr Buchanan:

Will it ever be taken up again, or will it be parked for good?

Mr Fulton:

No, it will not be parked for good. As I said earlier, every so often, we need to stand back and look at all our major policy areas; this is one of those. Unfortunately, we have to reprioritise at this point in time. We simply do not have the resources to do everything that we want to do. However, at some point down the road, we will certainly want to take this matter up again and resume the process. At that point, we will also be able to take on board major issues such as the outworkings of CAP reform, the challenges that it will create for the industry, and the role that education can play in helping the industry to respond to the effects of CAP reform.

Mr Buchanan:

You said in answer to Dolores's question that a lot of good work on education is still being done in the Department. Can the people who are doing that good work take on the education strategy rather than having to park it?

Mr Fulton:

I cannot really speak for other people, but they are doing the day job as well. It is not as though

they are sitting waiting for something to do. They are delivering on the education side of things.

Mr Buchanan:

It is disappointing that this is one of the areas in the Department that is taking a hit given that we do not really have an education strategy. I would like to have seen one coming forward, but I suppose that the Department knows best.

Mrs D Kelly:

That was tongue-in-cheek; was it, Tom?

Mr Fulton:

That is for the record.

The Chairperson:

If there are no further questions, I thank you very much for your presence today, Mr Fulton.

We will move on with our revolving door, so to speak. Mr Wilkinson will speak about the savings delivery plans. I will give you time to get settled.

Mr Graeme Wilkinson (Department of Agriculture and Rural Development):

They have left me on my own at my first attendance.

The Chairperson:

I see that.

Mrs D Kelly:

That is your friends for you.

The Chairperson:

Mr Wilkinson, thank you very much for your attendance. The first point is that the paper before us is a little unclear on savings delivery; and the details arrived with us in the office only yesterday evening. There seems to be a mixture of amber and green in the paper. In the absence of being able to see the detail, what is the bottom line? We give you freedom to express that as you see fit.

Mr Wilkinson:

Thank you very much, Chair. First, I can give the Committee the assurance that, in this financial year, the Department will live within its means in respect of the savings delivery plans.

The Department identified two categories under the lower priority measures as being at risk of delivery, particularly the introduction of a new concept in the milk and meat certification process. That has taken a little longer than we had first anticipated, so there is a slippage on savings under that category. Under other measures, the Committee will be aware of the discussion and dialogue underway on how the introduction of TB/BR table values will manifest itself; there has been some slippage on that measure as well.

The Committee will want to be aware of a number of things that the Department has done to mitigate that. Greater receipts have come in from the Forestry Service, which have mitigated some of the slippage in those areas. There have also been over-recoveries in the new entrants' scheme. Those two mitigating factors have ensured that the Department will deliver its savings plans for this financial year.

The Chairperson:

Perhaps we could just talk through the details. You talk about other measures, which are at amber and represent target savings of around — sorry, it is not clear. The figure there is “5”; is that “£5 million” of other measures? Is it £5,805,000?

Mr Wilkinson:

Yes, it is £5.8 million over the four-year period. In this financial year, we are talking about £631,000.

The Chairperson:

So, the target on page 9 is £5.8 million; is that what you are saying?

Mr Wilkinson:

It is £5.8 million over the four years. If you look at the 2011-12 column, Chair, you will see the figure of £631,000 at the bottom.

The Chairperson:

OK, yes; I have it now.

There are 19 lower priority delivery measures, amounting to the most money. Again, that is over the four years. Do you envisage that those will occur as amber every year in the business plan, or do you see improvements throughout that period?

Mr Wilkinson:

This is the first year of the Budget 2010 process, so we are being very cautious in our reporting. Where there are issues we are reporting them. I hope that as we go through the budget process, and as we start to implement the measures that we have identified, it will become much more solid, and we will be reporting on a more regular basis.

As you can imagine, the first year of any budget process is quite challenging. We are working through teething problems. You can see that there is some slippage as we make sure that the policy is implemented and as we have discussion and dialogue with the business itself.

The Chairperson:

The detail on the other measures is to do with TB and brucellosis and the revised proposals and consultation therein. That should be resolved.

Mr Wilkinson:

Yes. My understanding is that the consultation was completed on 2 December 2011. The Department will come back to the Committee with the findings of that consultation process and get decisions made on that which will allow us to start to implement the proposals.

The Chairperson:

We can only talk about the figures in front of us. Are you confident that, over the four years, everything that has a green status at present will remain green? Do you see anything in the four-year cycle that could endanger that?

Mr Wilkinson:

It is very difficult to see into the future. We are keeping a very close eye on it. We have mechanisms in place to ensure that where there is an issue or slippage, it will be reported back to

the Committee. It is important that it is reported early and quickly so that we can take remedial action. We have contingency plans in place. So, it is about understanding what is going on in the business and having good communications in the Department to make sure that we deliver on our commitments.

The Chairperson:

OK. Are there any further questions for Mr Wilkinson?

Mrs D Kelly:

Given the various locations operated by the Department and the number of staff employed, I imagine that fuel and energy costs are rising, particularly for machinery. I wonder whether inflationary pressures are built into the savings plan.

Mr Wilkinson:

We made a bid for pay and price inflation as part of the budget process, and we got some money for those. However, this is an important area for us to consider, particularly when it comes to sustainability. We have a responsibility to try to drive down those costs as much as possible. This is my first week, so I have not gone into the detail yet, but it is a significant cost for any organisation and it is something that I want to look at in the Department.

The Chairperson:

Are there any further questions, members? If not, thank you for your attendance, Mr Wilkinson.

Members have invited the Minister to appear before the Committee to talk about the business plan in the context of the draft Programme for Government, and we look forward to that. Mr Lavery is not here, but I know that you, Mr Wilkinson, have a certain degree of responsibility. How do you intend to keep the Committee informed about further developments in the Department's performance against the business plan between now and the end of March? Do you plan to report in a timely way? What do you intend to do in cases where the Department fails to meet its targets? Is there any mechanism in place, and do you feel that you need to keep us up to date more than has been the case in the past?

Mr Wilkinson:

I think so. The Committee's role in the process is that of a scrutiny body, and we will want to

keep the Committee involved in that process. Where there are any issues, we will report them back to the Committee. I am not entirely sure what the next steps are for reporting progress against the business planning targets, but we will certainly want to keep the Committee informed on a regular basis. We will want to come back to you before the end of the financial year.

The Chairperson:

Thank you very much. I ask you to thank the staff who attended today. They drifted off at various times and I was not able to thank them officially and on the record.

Mr Wilkinson:

I will pass on your comments to them. Thank you.