



Northern Ireland  
Assembly

Committee for Agriculture and Rural  
Development

# OFFICIAL REPORT (Hansard)

Business Plan Out-turn Report 2012-13:  
DARD Briefing

28 May 2013

# NORTHERN IRELAND ASSEMBLY

## Committee for Agriculture and Rural Development

### Business Plan Out-turn Report 2012-13: DARD Briefing

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#### **Members present for all or part of the proceedings:**

Mr Paul Frew (Chairperson)  
Mr Joe Byrne (Deputy Chairperson)  
Mr Thomas Buchanan  
Mrs Jo-Anne Dobson  
Mr William Irwin  
Mr Declan McAleer  
Mr Oliver McMullan  
Mr Ian Milne  
Mr Robin Swann

#### **Witnesses:**

Mr Andrew Elliott	Department of Agriculture and Rural Development
Mrs Pauline Keegan	Department of Agriculture and Rural Development
Mr Graeme Wilkinson	Department of Agriculture and Rural Development

**The Chairperson:** Graeme is staying where he is. He will be joined by Pauline Keegan and Andrew Elliott, who are both grade 5. Graeme, will you give us a presentation?

**Mr Graeme Wilkinson (Department of Agriculture and Rural Development):** Chair and members, thank you for the opportunity to present the Department's business plan out-turn report to 31 March 2013. The material presented today has been reviewed and agreed by the departmental board and the Minister. As you mentioned, I am accompanied by Pauline Keegan, the director of rural development division, and Andrew Elliott, director of EU area-based schemes, who have kindly agreed to attend today to provide clarity on the issues that you may wish to raise.

Hopefully, members will have had an opportunity to review the out-turn report. As it is the end-of-year report, we have applied either a red or green assessment. So, the target is either recorded as achieved or not. In overall terms, the Department achieved 26 of the 32 targets. I appreciate that a lot of detail is included in the reporting pack, so if you are content, Chair, I will focus on the Department's progress against the Programme for Government commitments and those targets that have not been achieved.

As members will be aware, the business plan included key milestones on the Department's four Programme for Government commitments, which are the development of an agrifood strategy; delivering a range of measures to tackle rural poverty and social and economic isolation; progressing the relocation of the Department of Agriculture and Rural Development (DARD) headquarters to a rural area by 2015; and eradicating brucellosis in cattle by 2014.

As you will see from the report, we have recorded the agrifood strategy target as red as the deadline of 31 March was not achieved. That appears to be counterintuitive, particularly given the significant amount of work and effort by all concerned in delivering the now published 'Going for Growth'.

On the target to tackle rural poverty and social and economic isolation, the Department achieved the expenditure target of £4 million. That initiative continues to have a positive impact on people living in rural areas. Some of the key deliverables include 149,000 passenger trips through the assisted rural travel scheme, 27,000 contacts made with the elderly living in isolated rural areas, and 300 unemployed young people supported by the BOOST scheme. Full details are included in your pack, and I am sure that Pauline will want to say more about the wide variety of schemes that the team has been delivering in the past financial year.

The Committee recently had a briefing on the headquarters relocation, and I do not intend to reiterate the previous progress report. In the business plan, there was requirement to complete a process to determine the most suitable accommodation for the DARD headquarters. The decision on location was announced by the Minister on 3 September 2012. A first draft of the business case on the utilisation of the site was completed by the end of March 2013, and the business case will be scrutinised by the Department's economists and finance staff. Additional information is being developed, such as staff surveys, the transitional modelling and an assessment of the equality impacts.

Finally, you will see from page 12 of the report that the annual confirmed herd incidences of brucellosis reached zero on 28 February 2013. That important milestone has been achieved a year ahead of the target. Chair, as you may recall, the previous progress report at the end of December identified five targets as red, three as amber, and 24 as green. As you will see from the report, the same five targets reported as red at December remain red at year end. The first of the targets not achieved is set out at page 2 and relates to the expenditure target. At the end of the year, the Department achieved a spend of £71 million, compared with an opening budget of £80 million. The majority of the slippage relates to EU funding, which can be reprofiled into the final two years of the programme. I am aware that a number of actions, including the development of strategic projects, have been enacted, and full expenditure is projected by 2015.

As I advised the Committee previously, the target to achieve a reduction in the administrative burden on the agrifood sector by 25% will not be achieved. You will also recall that Robert Huey provided members with a briefing on the animal and public health information system (APHIS) project. As previously reported, there have been delays in preparing for the procurement process. I understand that although the target has not been achieved, some significant progress has been made in preparing the statement of user requirements, as well as updating the outline business case.

The target to have absenteeism within 8.2 working days was not achieved. As set out in the report on page 32, it is expected to be in the region of 9.4 days.

Also, as previously advised, the land at Tullyhogue that had been identified for disposal was transferred to the Department of the Environment, given its historical importance.

Finally, the three targets that had previously been recorded as amber were achieved by the year end.

Chair, before I close, it is important to recognise that not all of the Department's activities are represented in the business plan. Given the reactive nature of the business that we are in, it is not possible to corral the tasks and support that we provide into a nice neat package. That is probably best demonstrated in the number of critical incidents that we experienced during the year now completed. In particular, I highlight the Department's response to the major flooding incident that occurred last June, including the evacuation of Dundonald House, the outbreak of ash dieback and the recent spring blizzard that required the Department to react in very short order, as well as delivering the business-as-usual services to our customers.

That concludes my introductory comments. My colleagues and I are happy to take any questions that you might have.

**Mr Buchanan:** What difficulty does the £5.6 million underspend in axis 3 create? Where does that money go now? Does it sit there until it is spent in that area or does it have to be redistributed?

**Mrs Pauline Keegan (Department of Agriculture and Rural Development):** You are absolutely right that any underspend creates difficulties, and it creates the greatest difficulty when you are

making a bid to get more money for the following year because, if you are in a bid situation and underspend is showing for the previous years, obviously you have to have a very strong and robust reason for why you are bidding.

We reduced the budget in-year last year for axis 3 to £14.8 million, and we met the revised target. However, you are right: that was down on the opening target. That had been based on what the local action groups (LAGs) thought that they would spend. To be fair, that was based on the letters of offer that they had, and a lot of those did not come through because of the economic downturn and other various reasons that we have rehearsed in the past.

There has been an issue with slow spend in axis 3. I am confident now that things are on the up, progress has been made, and we will make the spend that we are talking about for next year. However, you are absolutely right to say that there is a difficulty because, when there is underspend and you are bidding for more money, you have to put forward something very convincing to say that you will spend when there has been a history of underspend, and there has been a history of underspend in the programme.

**Mr Buchanan:** Was the target set too high?

**Mrs Keegan:** The local action groups, councils and those of us who worked together on that thought at the time that the target was right, and that was from working through what we expected to come in through letters of offer and the various claims. As you know, sometimes those claims do not actually come in. Perhaps machinery is stuck somewhere in Sweden — that did actually happen. Sometimes things just do not come through and sometimes the weather has an effect on capital projects and you cannot make the progress that you would expect. Some of those things can be outside the control of the local action groups and councils. However, what we have in place now with them and with the agreement of the local action groups is quite a robust monitoring procedure whereby we will deal with them every month and we will try to see what is expected in, and if we do not think that we are going to get a claim, we can look at another letter of offer and get a claim in. We are trying to be very robust to make sure that we do not continually get that underspend. It is difficult because these are demand-led projects. Sometimes, what the local action groups expect does not come to fruition. However, we are trying to do all that we can to make sure that that does not happen. To be fair, so are they; they are working hard on that.

**Mr Buchanan:** Are the local action groups more efficient now than they were? Difficulty with those groups has been raised on numerous occasions when you have been at this Committee. That has been a cause of delay after delay. Unless those groups come up to speed and are a lot more efficient than they have been previously, we will be in the same position again this time next year.

**Mrs Keegan:** Thomas, I think experience is a great thing for everybody. The local action groups have been working on this for three or four years now. There is a level of learning and expertise. This is a big programme. There is £100 million in axis 3. To be fair, the last programme had only £21 million for local action groups — or leader groups, as we called them — and was looking after only microbusinesses. You now have axis 3 with £100 million going across tourism, village renewal, farm diversification and basic services. It is a huge programme; there is no doubt about it. It has been quite a learning curve, but I think that there have been lessons learnt all round. I genuinely believe that things are getting better.

**Mr Buchanan:** I have one further question regarding all the other areas that have not yet moved out of red. Were the targets set too high for the Department to meet? Were they too aspirational?

**Mr Wilkinson:** I do not think so. We do not set out at the start of the year with the intention of failing on our targets. We have tried to make sure that the targets are pressing. However, when you look at the explanations for why targets have not been met, you see that events happened during the year that were largely outside of our control. However, like with every organisation, it would be unusual if everything were green and everything were completed; that would be a utopia. We have to set stretching targets. It is in recognition of that that there are a number of things that we had hoped to achieve but did not.

**Mr Buchanan:** It would be much better if you turned the middle ground to orange.

**Mr Byrne:** I welcome the paper and the presentation. In axis 1, there is less of a variance with projects to improve competitiveness. Are those for private sector enterprises in the rural community?

**Mrs Keegan:** Joe, that goes right across the board within axis 1. We have a processing and marketing grant scheme for our processors. We have the farm modernisation scheme, which gives a grant of up to £4,000 to our farmers. We have vocational training, skills training for bovine viral diarrhoea awareness, health and safety training, and computer training. There is also Focus Farms, which, as you know, is about best practice for farmers.

Axis 1 has quite a lot in it, but we had a reasonably small target of £4.7 million, and we came in at £4.2 million. The reason was that, interestingly, on the processing and marketing grant side — a grant scheme in the same way as we have been talking about under axis 3 — companies had some difficulties because of the weather and perhaps not getting the match funding that they required, and things generally being slow. The farm modernisation programme was also a wee bit under by the time that we got letters of offer out. We did not get those out as quickly we hoped. Focus Farms is demand led. However, axis 1 is generally doing pretty well. We have a slightly bigger target, around £8 million, for it for the current year. We hope to be able to meet that target.

**Mr Byrne:** Is axis 3 more a case of the social enterprise groups having greater difficulty coming up with match funding or their funding requirement, whether from their own sources or from bank lending?

**Mrs Keegan:** It is across the board. We have the private sector there on the business start-ups or enhancements side. The grant is only 50%, so there is an issue for the private sector in having to find 50%. Community organisations have to find less, 25%, but even that can be a challenge. There is a bit of a mixture in the match funding, but everybody is facing the same type of difficulties.

**Mr Irwin:** For a third year, you have not met the target on the better regulation action plan. Have you ever met that target?

**Mr Wilkinson:** No.

**Mr Irwin:** Andrew, you are probably the man to answer this question. I was looking at the issues with minor discrepancies in the new farm maps. I have just asked the Minister a question in relation to that in the Chamber, as I am sure you are aware. Has the Department any flexibility in relation to minor inaccuracies when it comes to making the payment in December? The Minister was not able to give me a straight answer to that. I know some people who work in the Department. They tell me that they have concerns that, come the end of the year, there will be a lot of small and minor inaccuracies that could create a real problem. Have you any fears in that regard? Are you aware of that?

**Mr Andrew Elliott (Department of Agriculture and Rural Development):** It is not quite the case that that is my concern. If a farmer has a minor inaccuracy in the area that he claims on his map and a minor inaccuracy in the area that he claims on his single farm payment application form, but the two are the same, it will not flag up as a reason to delay his payment. He would run into a problem if he were inspected. Those kinds of minor errors, and even larger errors in that regard, would not trigger any delay in the process of making payments, although it is not something that we want to have in the system.

The kind of issue that could cause a delay would be if a farmer has looked at his single farm payment application form and, when filling it in, upped his claim above the level of the maximum eligible area and then not, in a timely way, updated his map to match that. If he has filled in the form, not updated the map and the area that he is claiming has been pushed up, he — or she — could encounter an issue. There is still time for farmers to update their maps in a way that avoids that. I encourage farmers to be careful to do that and to make sure that they have been to the local office and had the map updated. They still have the first week or so of June in which to do that. After that, it is more difficult for us to deal with, and it will take longer to process.

**Mr Irwin:** As you know, the Department encouraged people to get their applications in as soon as possible. I know of a number of situations in which people got their applications in and then got a new map afterwards. Many of those applications were filled in by farmers' wives. You know the stress and tension that that creates. The wife was putting in the application, and the farmer was receiving a new

map. They went back to the Department to see whether they could get their application back but the response was, "No; you cannot get it back. It is away".

**Mr A Elliott:** You can easily submit an update to your single farm payment application form if you need to. The type of circumstances in which that would arise is if a field is being claimed on by two farmers. If one of the two farmers has been in and made an amendment to the map but has not told the other one, the other farmer can get a surprise when he suddenly receives a new map in the post. The farmer needs to respond to that. He should fill in a single application form 3 and get that into the Department. It is a paper exercise. Farmers can pick up those forms in the local offices. That is the safest way to make sure that the information that they have on their single application form aligns with what the map shows.

**Mr Irwin:** In one instance, there was a difficulty because the farmer and his wife had not kept a copy of what they had put on their form. The woman did not know what she had put on it, as she had not kept a record for herself. She was very stressed about it.

**Mr A Elliott:** I know that staff have years and years of experience of working with the single application form and know the kind of things that cause problems. However, this year is unique. We have not deployed a mapping system like this before. So, in a sense, it is new territory for us all. We are working on a lot of issues to try to make sure that we get the right balance between getting the payments processed in a timely way, and making sure that we adhere to the controlling requirements of the Commission auditors, and so on. That is the area that we are working on very hard at the moment. I am finding it harder to make predictions and projections about this year than about any year since I came into this area of work.

**Mr Irwin:** Those concerns were raised with me by some members of departmental staff. They were concerned that it could be an issue. Let us hope that it is not, but if it becomes an issue, I hope that the Department can find some way of dealing with it without people having to wait for months on end.

**Mr A Elliott:** Yes.

**Mr McMullan:** William has spoken about one of the things that I was going to talk about. The question that he has asked is about the sort of information that can be given out, but sometimes is not given out. That creates confusion in some of the offices. If we can get that information here, people in the offices can get it as well. I was in one of the offices recently and I was very impressed with the level of work on the mapping system. There seems to be two different areas of activity: the land parcel identification service (LPIS) people were at one end and the front desk was at the other. A shuttle service operated between the two. I would not like to have been in the middle of it all.

I want to ask about the rural development programme and the local action groups. Have we any indication or evidence that the banks are causing delays or problems whereby it is difficult to get finance for programmes? I know that, when people asked the bank on one occasion, it said yes, but when they went back, it said no. Have we much evidence of that with regard to banks?

**Mrs Keegan:** Anecdotally, we hear that there are some problems for project promoters in accessing finance from banks. The Minister spoke to the banks some time ago on a strategic level, if I may put it that way. We have talked to the banks on an operational level, just to ask whether there is anything more that project promoters and local action groups could be doing to free up the process. Is there, perhaps, something that the banks do not like about the business plans or the applications, or something like that? We are working with the banks to try to resolve that. That is a part of it. Banks will say that they are in business; they are doing business and they are still working with people to give out match funding. There is not a different feeling coming from the banks, but we are in a difficult economic climate, and that is probably what the banks will say. They want to see robust evidence before giving money to some of the projects, especially if you think about the size of some of the projects that we are talking about at the moment. So there is some evidence of that, in answer to your question, Oliver. However, the banks have been fairly open in working with us and in trying to see how we can make it better. We are trying to do some work with them operationally, if we can.

**Mr McMullan:** Have we ever accessed any other financial institutions that would take on the same role as a bank? I know that there are other institutions but they do not seem to be pulled into the rural development programme. Sometimes, I wonder whether the management of the rural development programme — as distinct from the LAGs — should be more active in looking for alternative financial

institutions that would take on some of the projects that are being turned down at that level. Surely, alarm bells should have been ringing for rural development programme co-ordinators a long time ago. It is not just a problem with the banks now; it has been happening over a period of time. Today, people say that all this money is not being spent, but the money was not being spent last year.

**Mrs Keegan:** I think that, sometimes, the problem has been that it can be slow for money to come through. It is not always that they are refused the money, though sometimes that is the case. Match funding can come from other avenues; indeed, sometimes the councils are involved in providing it. They provided match funding quite recently for some of the strategic projects. That is a good thing; it is central and local government working together. We always like to see that. You are correct that there are other avenues; for example, the Ulster Community Investment Trust and various other lenders. Yes; we do have to widen the ambit of it a little to see how we can stop the problem.

**Mr McMullan:** Have we ever thought of taking a case against some of the decisions by banks? Sometimes, banks are overzealous. As you said yourself, they are in business and want to see a robust business plan, but sometimes they go over the top in looking for that. They really want to see the thing working before it is paid for.

**Mrs Keegan:** I cannot comment on that. You are right: the banks are in business and want to be sure that, before they put money into a project, it is sustainable, it is going to work and that they will get their money back, etc. You can understand that. This economic climate makes it difficult. To be fair, on the other side of it, they are willing to work with us to see how they can make it a little easier. You are right, and we have heard anecdotally that that is a problem. However, the fact is that they are willing to talk to us and to say, for example, "Here is a way that we can make it easier for some of the community groups." There is a willingness to do that, which is a good thing, and we are trying to encourage it.

**Mr McMullan:** Under RPA, councils will be curtailed as to what they can spend from this year or next. That could possibly have a knock-on effect on programme as well. Have we factored the effects of RPA into the programme? If the banks are saying, at an early stage, that a scheme is not viable economically or as a business, surely there must be something wrong with the marking process that allows it to go through as a viable project, get to the bank, and then be rejected. There is an awful waste of time and money. Could something not be done about that?

**Mrs Keegan:** We should know, when we are going through the process, whether match funding is in place. Local action groups should ask those questions when they are scoring a project and ensure that match funding is in place. That is one of the requirements.

**Mr McMullan:** That is not what I mean. Banks are coming back on a lot of those projects and saying that they are not viable.

**Mrs Keegan:** Yes; in some cases they might be.

**Mr McMullan:** If we say that they are viable when we mark them, and then the banks and the money people say that they are not, there must be something wrong. We go through a whole process and say that they are viable, and then they go to financial institutions, which say that they are not. Surely, management should know that before they get to that stage. It is a waste of time, staff, and all the rest of it. It is costing money; and that has been a problem for years.

**Mrs Keegan:** Sometimes, it can be due to a lack of information. That could be one of the issues, and that is one of the things that we are talking to the banks about. If the banks need more information before they say yes or no, we will try to see what we can provide and help the LAGs with. You are not wrong to say that that is an issue; it has been an issue in the programme.

**Mr McMullan:** Have we been sitting with the councils or NILGA on the RPA? What is going on there?

**Mrs Keegan:** We have been doing that. You are right: when councils are giving out money, they have to be looking ahead, as you well know. Councils need to plan. This is something that councils are doing and we are working with them on it. RPA is going to be another challenge on the road.

**Mr Swann:** Thank you for coming, folks. This is the business plan for 2012-13. How many of the targets that are marked red are moving into the 2013-14 plan?

**Mr Wilkinson:** The only one that is not moving in, Robin, is the better regulation action plan. As we said at the last meeting, we looked at the 2013-14 plan and we were developing our plans around that. We are coming up with a revised target as a part of that process. Although it is in the scorecard, it is not in our business plan.

**Mr Swann:** It is still in the scorecard?

**Mr Wilkinson:** Yes.

**Mr Swann:** I know that we went through this last time. The target for the better regulation action plan was reduced from 25% to 15%. You achieved 4.3%. Have you an update on that?

**Mr Wilkinson:** The overall target for 2013 was 25%. The last time that we marked it, it was down 4%, but I do not have the figure as of March 2013.

**Mr Swann:** When will you have a new target? I know that a lot of work on scoping has been put into that.

**Mr Wilkinson:** That is part of the work that we are doing during this year. During this year, we will have our plans, and I suspect that it will be for the next business plan year.

**Mr Swann:** Will there still be a will and a move in the Department to reduce bureaucracy and red tape if it is not one of your targets?

**Mr Wilkinson:** I think that there is. In the work that we are doing, we are very mindful of that. The work that we are doing on the new rural development plan has a focus on simplification and on making things easier. Obviously, we have a vested interest in making things easier for people to allow us to administer and deliver our schemes to our customers.

**Mr Swann:** That still does not make it easier for the farmer, rather than rural development. Pauline, you talked about the £4 million to tackle rural poverty and socio-economic isolation. Is that solely a spend target, or is there any other way that you measure success there?

**Mrs Keegan:** In the business plan, Robin, yes; it was a spend target. Because the rural poverty programme was going pretty well, we probably could look to other targets, and we maybe should look at the quality of what we are doing. It has been a spend target to ensure that we are getting the money out there and that there is not the sort of underspend that we have seen in other programmes.

**Mr Swann:** I am just worried because it is quite a challenge for the Department. I would not say that it is outside your role, but it is one of those ones on the edge. If it is just about spend, I am worried that the main aim is to throw money at projects rather than to look at outcomes.

**Mrs Keegan:** The business plan has a spend target, but in the scorecards and the individual elements that we have in the group and in my own side, there are more qualitative targets that we work to. You are right: we need to make sure that it is having an impact.

**Mr Swann:** When farmers see money like that being spent on other projects, they take it as if it is coming out of their pockets. It is about tackling that.

**Mrs Keegan:** I know.

**Mr Swann:** On maps and inspections, Graeme mentioned the highlighting of discrepancies. I know that this is outside your presentation. What is the risk of further EU financial corrections following the current problem with maps?

**Mr Wilkinson:** I am sure that Andrew will want to comment on the risk. Currently, the disallowance charge is capped at around 3% per annum, and that is a cost that we are continuing to incur. It is important that we get the maps right and that we get the confidence of the EU auditors to ensure that our maps and our systems are fully compliant. There continues to be a risk that we have cap



disallowance in the future. The focus is certainly on investing to ensure that we get things right, and that is the work that Andrew and his team that are currently embarked on.

**Mr A Elliott:** Your question was about the risk associated with the current maps. Obviously, there was a lot of media attention on the error that occurred on the maps that issued, and so on. There is not any risk at all associated with that, because it was really just an error on the piece of paper that went to the farmer. What we had sitting back in the office was still correct in how it could be used as a control. There is not a concern on that issue, because we were able to give farmers updated maps. The speed with which we bring down the disallowance depends on how well we deploy the new mapping system over the next two or three years. We need to bed it in and make sure that it works more and more effectively each year. You do not put in a whole new mapping system and have it perfect in year one. In fact, it is never perfect, but is particularly imperfect in year one. You need to work and work on it, and that is why we are continuing to invest to ensure that we get it right. We do know that it is a far more compliant mapping system than the previous one. We managed with the previous one, and we managed to bring the risk down quite considerably, but this one allows us to measure and capture on a spatial format the actual maximum eligible area of each field parcel. That is really important as we use that as the control that we have to deploy. So, on the risk to the fund from this year's maps, we will really begin to get a sense of that when the inspections are completed at the end of the year. It is too soon to say, but we will get a feel for that from the inspections this year.

**Mr Swann:** Will Europe have the patience to give us two or three years to get it right and to get it better?

**Mr A Elliott:** We are doing things differently now in the sense that when the European Commission challenges us on a particular year, we give it an estimated risk to the fund. So, on single farm payment, we are not getting a flat-rate disallowance any more but a fixed disallowance that we calculate. We have put forward figures for that to the European Commission. In 2009, we estimated that the risk to the fund would be 5-19%. In 2010 and 2011, we then put forward figures to show that that had come down to just over 3%. The claiming practice of farmers has changed, and we have good evidence that the risk to the fund is coming down year on year. We intend to continue to work on that.

**Mrs Dobson:** Apologies if this question has already been asked. Pauline, at the last briefing you told me that you expected administrative spend on axis 3 of the rural development programme to sit at around 20% because that is what the regulation provides for. Is that still the case?

**Mrs Keegan:** Yes. The regulation certainly provides for 20%; that is absolutely right, Jo-Anne. We are saying to local action groups — they are well aware of this — that the administration costs at the beginning of the programme were much higher, because they were setting up and bringing staff on board and everything. You would have expected that it would be high. They are very well aware of that and are working to bring their administration costs down. However, the more project money they spend — because the administration is tied to that — the more that that will help with admin. From our point of view, even though it is still a wee bit higher than that at the moment, individually, the local action groups are starting to bring it down. At the end of the programme, we will have to see it sitting within that 20% figure, because, essentially, that is the regulation, so we cannot go above it. They are working to bring admin costs down. You do not see the same sort of admin spend that you saw in, say, 2007 or 2008.

**Mrs Dobson:** I recall that at the previous briefing, you said that £39 million had been spent to date, with, I think, £9.8 million spent on administration. Can you give us updated figures for administration and spend?

**Mrs Keegan:** A total of £45.5 million has been spent to date, and £10.5 million of that is admin.

**Mrs Dobson:** You told me that when spend goes up, administration goes down. Has that been the case? What action is the Department taking to help JCCs and LAGs increase spend? What are you proactively doing about that?

**Mrs Keegan:** We are trying to work hard, and I have to say that they are working hard. What they have done over the past year or two is get a more diverse mix of projects, some of which are perhaps more capable of earlier spend. Obviously, there are strategic projects as well. There are 32 projects and 32 letters of offer now, with a value of around £17.5 million or £18 million. I expect to see that

spend coming through this year and next year. As those are bigger, broader impact projects, I expect that they will have an impact on spend. As I said, when that happens, it will help with admin. So, this should be a good year for local action groups.

As Graeme said earlier, they are anticipating that they will spend around £21 million. That is a challenge for them; there is no doubt about it. What they have said is, "These are the letters of offer and claims that have come in, and, from looking at those today, this is what we are going to do". That is the basis of the marker bid that Graeme talked about earlier.

As regards what we are doing to make sure that that happens, we are monitoring the local action groups monthly and working with them to see whether there are any difficulties out there; you know, some claim that is not going to come in. What can we do to change that and to get a claim in that we will be able to get money out?

The local action groups have some issues with the quarterly monitoring mechanism, because if they do not spend in a quarter, we will look to reduce their overall allocation. That does not have any effect on the quarter, but it does perhaps have an effect coming up to the end of the programme. We are trying to be reasonable with them; if they could not have reasonably anticipated it, the money will not be taken away. At the same time, it is very much a discipline — that if they are not aware of what is happening, they become aware of it. To be fair, most of the managers are good and very experienced, and they do now work well on that. DARD and the local action groups are working hand in hand on that.

**Mrs Dobson:** May I briefly take you back? I know that Robin has touched on this, Graeme. There was a question in March around the better regulation action plan, and apologies if the figures were outlined when I was out of doing my question, but, with regard to the 25% target, I think that you told us it was 4.3%. What is the update on the exact figure that was claimed by 31 March?

**Mr Wilkinson:** I do not have that. I understand that the figure is being validated, so I will have to come back to the Committee with that in due course.

**Mrs Dobson:** When will that be available?

**Mr Wilkinson:** I am not sure, Jo-Anne.

**Mrs Dobson:** Perhaps the Committee could be furnished with that as soon as possible.

**The Chairperson:** Do you think that it will be around the 25% mark?

**Mr Wilkinson:** No.

**Mrs Dobson:** We can bet that it will not be.

**The Chairperson:** I jest.

**Mrs Dobson:** It is bitterly disappointing. I am sure that it will be fairly low, especially given that the recent Going for Growth action plan calls for a reduction in bureaucracy. What is the Department going to do now? Is there a plan B, C or D, because this one has failed spectacularly with the projected 25%? Do you want to come back on that when you have the estimate?

**Mr Wilkinson:** We can come back with the estimate, but, as I said previously, our balanced scorecard includes the work that we have been doing this year to develop our plans in terms of what we are going to do from 2014-15 onwards. That is work that we are doing in this financial year to develop those plans and come up with a target to make sure that we are making things simpler and making things better for our customers. As I said to Robin earlier, it is something that we are very cognisant of, and the Department is keen to progress things.

**Mrs Dobson:** You will update us then as soon as that information becomes available?

**Mr Wilkinson:** Absolutely.

**The Chairperson:** I would like to interrogate that a bit more and go a wee bit deeper. When you talk to the farming community, this is a big issue, not least now that we are in the middle of a crisis which has rolled up into another crisis. It has accumulated into a massive issue, which has been compounded by the weather. The more relief that you can get to the farming community, the better. Obviously, the better regulation action plan was designed to do that. We could argue about the target that was set and how you measure that and how you achieve better regulation. I understand the argument around that, but the last time that we talked about this — I think that it was with you, but I am not too sure — you said that we cannot meet that target and we were maybe too ambitious, and we are sitting around 4-3%. However, you gave us solace in the work that you were doing on changing the APHIS system and the LPIS project.

I understand where you are coming from, and how to measure that and how to achieve it. It is hard; there is no doubt about that. You gave us solace months ago, but we are now reading that we are missing those targets also. We have delayed the APHIS exit strategy. That is one of the goals that we have missed. If you look at the LPIS maps and the pressure that has been applied to some of the farming community — and the Minister said today that it was a very small number and to put it in perspective, but when it came so close to single farm payment forms and everything else, it caused great distress and worry to those farmers, especially when they tried to correct things and they were not getting it back. If they got things back, they were not accurate either. So, you gave us comfort all those weeks ago, but we have failed to meet the target on some of those issues that we are talking about.

**Mr Wilkinson:** I did talk about APHIS and the work that Andrew's team has embarked on, but those are medium- to longer-term things. Those are not part of the 25% that was included in this target. Those are longer-term things that we need to look at in terms of the work that we are doing this year to recalibrate what our target and our aspirations should be.

On better regulation, you will have seen the compliance and the various rigour that we have to go through in order to secure EU funding. That is something that we have to do. Ultimately, it is about getting the balance right between the rigour of the EU and being compliant and also making it much simpler for the farmers to complete the various returns. A real effort is required to get that right, and that is why we are taking the time in this financial year to consider the options that are available to us.

Interestingly, when we listen to what farmers have to say, we are not getting much feedback about the things that they would like to see happening. There are no obvious thing that we can do to make it simpler.

**The Chairperson:** Do you really expect the farmer to know that? The farmer will know what he does best, which is farming. The Department is there to regulate. The question that you are asking should, surely, come from the Department. You should not be asking the farming community to do your job better.

**Mr Wilkinson:** Interestingly, when we ask the people who are filling in the forms, they give you better feedback about what was easy and what was difficult and what worked well. It is about getting that feedback and understanding how we can improve the process and make a better form. We are not getting a huge amount of feedback in terms of what is not working well.

**The Chairperson:** I want to ask about the delays in the APHIS exit strategy. What impact will that have in the future on the new system?

**Mr Wilkinson:** There has been a delay in developing our new system, but that delay has been useful in allowing us to go back to the original business case to understand its aims and objectives. Ultimately, we want to make sure that we get the best product. It has slipped the timescales, and money that had been available in the current budget is no longer available because the product will not be procured in time to spend the money. That has given us some issues, but the focus is on getting the product right.

**The Chairperson:** OK; we will move on. I want to ask Pauline about the rural development scheme. Can we have some details on axis 4 and on where we are with that? Obviously, the fishing industry has a big part to play in all this, and on getting spend down. Where are we with the sustainable development of fisheries areas and the opening of axis 4?

**Mrs Keegan:** Are you talking about fisheries, Chairman?

**The Chairperson:** Yes; axis 4 and all the issues around that. I know that there have been delays there. There is also the decommissioning scheme, which is part of things also, but there is still the sustainable development of fisheries areas. Maybe I am asking the wrong person, Pauline.

**Mrs Keegan:** I think so; we would need to come back to you on that, if that is all right.

**The Chairperson:** We would need the details around that and how we can push that on. There have been delays there.

**Mrs Keegan:** The reason why I was looking at you at the beginning when you said axis 4 is that there is a sort of technical axis 3 and axis 4. We put the administration costs into axis 4 for the local action groups. I thought that you were going to ask about that, and I could have talked to you about that. If it is to do with fisheries, we can certainly come back to you on that.

**The Chairperson:** OK. Just on axis 3, then, you have £70 million-odd currently committed. I take it that letters of offer are out?

**Mrs Keegan:** Yes.

**The Chairperson:** Are we just waiting for feedback from people who are accepting that? Obviously, the links are a big issue, as is match funding, and £34 million has been spent. You put a lot of emphasis on the strategic projects, and you say that 30-odd projects have been passed and letters of offer worth £7 million have been issued. That is money that you will be confident of taking up, because the majority of it is for councils.

**Mrs Keegan:** A good lot of it is, yes.

**The Chairperson:** The councils will have funds there to match it and the capacity to spend it. What is the future for this? You cannot be sure that the £70 million of axis 3 funds that is currently committed will be spent and accepted. Will we face a backlog, whereby the money is promised or committed? Come the end of this term, we could be sitting with a pot of money that could have gone to some other scheme. There are people who are crying out for this money who maybe have not been offered it, or maybe the tranche has not been opened again. How do we fix this?

It is not good enough just to throw it at strategic projects. Are we thinking more strategically? A number of months ago, for example, some LAGs wanted to divert money away from farm diversification, whereas others would like more money to spend on farm diversification. Is there any way in which we could straddle money across LAGs in order to spend money on farm diversification?

**Mrs Keegan:** I will take your point about the commitment. It is an excellent point to make, because it can be a worry. There are a lot of letters of offer committed out there, you are absolutely right, but that has got to turn into spend. If it does not turn into spend, it does not matter how much is committed. I do not mean that committing is the easy process, but it is an easier process to get the letter of offer out.

The local action groups are aware of that too. At times, letters of offer have been extended and extended and extended. So, where you would have expected a project to finish within two years, or something like that, the extensions go on, for various reasons.

**The Chairperson:** Planning is one of them.

**Mrs Keegan:** Planning can be, and you are right, but there are obviously other issues that come up. We talked to the local action groups, and we continue to talk. They are very much aware of this as well. They do not want to continue with those extensions. They want to make sure that the letters of offer that are out there are capable of being spent and that you can get the actual impact of the money. Sometimes, with letters of offer, you look and see that no money has been spent on something for a year, or something like that. That is not a good position to be in. In those circumstances, we say that you need to look at withdrawing the letter of offer and doing something else with the money.

In circumstances where some money has been spent on a project, it can be difficult, if you have put money out there and something has gone wrong. That is what the local action groups face. It can be very difficult, but they are saying that they understand that and, where they can withdraw letters of offer that they feel are not going to go anywhere, they will do that. That process has been happening with the local action groups over the past year to 18 months, and it is making a difference. It is a hard thing to do, because people will say, "If you wait until I get the money, I will be able to do something with the project." But, as you come towards the last two years of the programme, there is nothing else; it becomes more difficult, if I can put it that way, to do something with the money. If you are left with the money in the last year, you are giving it to another programme, and you are expecting that programme to spend it very quickly. That is not a good position for anybody to be in. So, now, with two years of the programme left, that is why we want to make sure that we work together to try to see that we are not in that position.

**The Chairperson:** Is the Department contemplating being able to straddle money across LAGs?

**Mrs Keegan:** LAGs have told us that if somebody else cannot spend or is having a difficulty, they can put up their hands and spend. That is something that we can certainly look at. I go back to your point on measure 3.1. You and I talked about that before. About five of the local action groups are saying that they have spent all they can of what is out there on 3.1, if I can put it that way, and they would like to see if some of that money could be spent in other projects — not necessarily strategic projects, but the ordinary Leader-type projects between measures 3.2 and 3.6. Village renewal, or whatever it might be.

**The Chairperson:** Is it not better that we give the LAGs which still have the capacity to spend on 3.1 the money to spend on farm diversification, rather than keeping it in that area for strategic projects like 3G pitches?

**Mrs Keegan:** We are not keeping it for strategic projects. That is not the way it works, and it is not the way the financial plan works. If the local action groups feel that there are farmers out there who still want and need to diversify, that facility is still there for them, and so it should be. Leader works on a bottom-up basis, and it is about people on the ground. This is where there has been criticism of the Department in the past; someone sitting in Dundonald House does not really know what is happening out there. The local action groups are telling us, "This is what we need, and this is how we see it. We would like you to bring this about for us, because this is what our area needs." We are trying to respond to that as much as we can, but we have said to the local action groups, "This is diversification for farmers; it is voluntary modulation; be sure of what you are doing." From my talks to them, I see that they fully understand that.

**The Chairperson:** One other target I have to mention, because nobody else has, is absenteeism; it is something we have to tackle. I am steeped in the private sector. The differences between the private sector and public sector are immense. What are we doing as a Department to tackle absenteeism?

**Mr Wilkinson:** There are a number of initiatives. Hopefully you will have seen from the report the types of things that we are doing. You are quite right that the incidence of sickness has increased, although we are still under the NICS average, which is 10.5 working days. However, that is not an excuse. We still have 9.4 days.

The things that are set out in the report are things like trying to get people who are on long-term sickness back to work. For example, 144 staff attended lifestyle and physical assessments with OHS. It is about making sure that we attend to staff issues with a view to getting them back to work. It is a difficult problem right across the Civil Service, and we are very alert to it.

It is not going to change overnight. In the past the Department had a good staff absenteeism record, but that seems to be creeping up again. We are trying to tackle that. However, it will take a concerted effort. We believe that we are doing the right things, looking at the needs of individuals to try to get them back to work, particularly where staff have long-term issues and long-term sick absence. That is what gives rise to the higher number.

**The Chairperson:** We are not going to make light of people's illness, but there is that difference in absenteeism. Are you trying to understand it? In itself, that is a hard question to grapple with.

**Mr Wilkinson:** It is, Chair, and it is reflected in the report. We are having some difficulty in understanding why there has been that increase. NISRA has looked at the factors behind that to see whether there is a trend and a reason for it. There is no silver bullet to all of this, or one specific reason. It is about tackling individual cases and making sure that we address the issues and needs of the staff to make sure that they are able to come back to work and we can start to tackle the issue.

**The Chairperson:** Change can be good. It can also be bad. It could also be a factor in absenteeism. Are you factoring in over the next year the issue of the HQ relocation and how that could affect absenteeism, given the survey that was conducted?

**Mr Wilkinson:** That is not something that we have modelled in terms of increasing staff absenteeism. However, I suspect, as you say, Chair, that with a lot of change over the next number of years in the Department, there is a risk that absenteeism will start to creep up. Again, it is about making sure that we have the support mechanisms in place to deal with and address individual circumstances.

**The Chairperson:** OK, I have no further questions.

**Mrs Keegan:** Do you mind if I make one final point?

**The Chairperson:** Yes, certainly.

**Mrs Keegan:** Robin asked about the £4 million that goes out on the tackling poverty programme. One thing that we have been doing in the programme, which is open to everybody in the rural community, including farmers, is looking at health checks for farmers. For example, we work with farmers in the marts, and that has gone down well. We also fund the Rural Support charity out of the anti-poverty programme. The Committee asked the Minister about Rural Support when she was here. We are looking to see whether we can extend the contract. If there is anything specific that we can do for the farming community, especially with the difficult times that we have been going through, there is money there to try to do that. We have been actively trying to find that out, if we can, so we are happy to take thoughts around that.

**The Chairperson:** Ok, thank you very much for your answers and your presentation. You are no strangers to this Committee, so it is good to have you here to answer our questions for us. Again, thank you very much.