



Northern Ireland
Assembly

Committee for Agriculture and Rural
Development

OFFICIAL REPORT (Hansard)

Rural Development Programme 2014-2020:
Cluster Networking Group

28 January 2014

NORTHERN IRELAND ASSEMBLY

Committee for Agriculture and Rural Development

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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 Judith Cochrane
Mrs Jo-Anne Dobson
Mr William Irwin
Mr Declan McAleer
Miss Michelle McIlveen
Mr Oliver McMullan
Mr Ian Milne
Mr Robin Swann

Witnesses:

Councillor Paul Duffy	Cluster Networking Group
Mr David Kerr	Cluster Networking Group
Mr Andrew McAlister	Cluster Networking Group
Mrs Vera McWilliam	Cluster Networking Group

The Chairperson: We have with us David Kerr from the Down Rural Area Partnership local action group (LAG); Vera McWilliam from the Grow South Antrim LAG; Councillor Paul Duffy from the Southern Organisation for Action in Rural Areas (SOAR) local action group; and Andrew McAlister from the North East Region LAG.

Mr David Kerr (Cluster Networking Group): Chair, with your indulgence, I will hand out some copies of additional information.

The Chairperson: Certainly, David, and that is a lovely bag you have them in. *[Laughter.]*

Mr Kerr: It goes with my complexion. *[Laughter.]*

The Chairperson: Thank you all very much for being here. You are very welcome to the Committee, as are those in the Public Gallery from various local action groups, for this very important presentation. Members have had a chance to read the briefing paper and the brochure on the LEADER approach, and thank you for this additional material.

Please take up to 10 minutes, if possible, to address the Committee. I know that, with so many presenting, keeping to 10 minutes might be a challenge.

Mr Kerr: We will do our best.

The Chairperson: I will be lax and allow a few minutes here and there. Please, if you can, keep it as concise as possible, and then we can go straight into questions. That is probably where the most information will be gleaned.

Mr Kerr: Good afternoon, Chair and Committee members. Thank you very much for the opportunity to present today and update you on the progress of the implementation of axis 3 and axis 4 of the current rural development programme, which we refer to as LEADER.

We represent a small fraction of the volunteers — there are 196 in total — who make up the local action groups that work right across Northern Ireland to ensure the successful delivery of the rural development programme. Our aide today is Andrew McAlister, the rural development manager for the North East Region. We have prepared a short presentation, in keeping with your requirements, which will be delivered primarily by the LAG representatives and have asked Andrew to make some concluding remarks.

In contrast to our previous presentation to the Committee in September 2011, we are delighted today to be able to present a very positive picture of progress and highlight the valuable contribution that rural development programme funding is making to the rural economy and the quality of life of rural dwellers. That is particularly important given the current debate on budgets. At this early stage of the presentation, we ask the Committee for its support in securing a sufficient budget to enable the full delivery of priority 6 LEADER measures in the new programme.

From the briefing paper that we provided, you will have received a flavour of some of the 1,800-plus projects funded to date through LEADER. We have also brought along some of the additional promotional material from a number of the LAGs. This material provides more detail and other examples, which we will leave with you for a bit of bedtime reading. There was a delayed start to the programme, of which you are all well aware. There was also slow spend initially, but we argue that that is predictable in LEADER programmes. Indeed, from my experience of over 20 years, this is true of all previous European programmes. We are delighted to report significant progress, which is the result of the collective efforts of the clusters, staff, councils, DARD, joint council committees (JCCs) and LAG members.

I will give you an overview of the impact and successes of the programme. As of 31 December last year, LEADER had received 6,315 applications, which sought over £336 million in funding. That is over four times the available grant budget and shows the high level of demand. The total level of commitment via letters of offer is over £86 million to 820 projects, encompassing a wide breadth of rural needs and interests.

LEADER is therefore fully committed, and a further 112 projects to the value of £4.2 million have been approved and are on reserve should any additional money become available or there is any fallout with existing letters of offer, which we have experienced. Despite perceptions, no funding has been returned to Europe.

Spend is forecast to be approximately £75 million at the end of 2014 and fully expended by spring 2015. Again, despite perceptions, the programme is on target with its spend.

To date, LEADER measures have levered in £32.7 million in match funding from the private sector, councils and other sources. Over 62% of that match funding is attributed to measure 3.1 on farm diversification and measure 3.2 on support for off-farm microbusinesses.

Some 475 jobs have been created, and that figure is predicted to more than double by the end of the programme. Through measure 3.2, business creation and development, 49 new businesses have been established and over 500 businesses have expanded or developed.

What other foreign direct investment of a similar level has created 475 jobs? One third of all projects — almost 600 — were funded under the farm diversification measure. Of the 1,820 projects, only 32 are strategic.

I appreciate that there are a lot of figures to take in, and many of them are included in your briefing papers for that reason. One of the key issues for us, as LAG representatives, is the sheer volume of

applications and demand for support from across the broad spectrum of rural interests, including farmers, farm families, businesses, the social economy and the community.

If we can leave you with any message today, we want it to be that there remains a clear need to support rural development.

Vera will give you an overview on the delivery of administration in LEADER.

Mrs Vera McWilliam (Cluster Networking Group): I will pick up on the delivery of the programme. As someone who was here in 2011, I echo David's comments about the substantial progress that has been made.

Without going over the figures again, I think it particularly important to highlight the 475 jobs created to date, which, in the current climate, is a substantial number, and, if that was in an urban context, it would be newsworthy. Rural development suffers a bit in that regard, and we would like greater recognition to be given to the role that rural development plays in improving the economic well-being and quality of life of all who live in rural areas.

For us as LAG practitioners, rural development is about people and places. It is concerned about the livelihoods of everyone in the countryside, and, in that regard, we believe that the LEADER approach is the single most effective mechanism for engaging all citizens. It is founded on the principle of bottom-up and the idea of enlisting the energy and resources of local rural people who can contribute to the rural development process by forming partnerships in the public, private and civil sectors. These partnerships, or local action groups, as we know them, are representatives of farming, community, business, and the public and private sectors. It is important that this is acknowledged, particularly when it comes to the delivery and administration.

To date, we have recorded at least 23,000 hours of volunteered and unpaid work involving people in the decision-making processes. There is the same again if you take in other activities, today being an example, which should not be underestimated or undervalued.

The administration level of the programme has come under criticism. However, we are pleased to report that this is falling, as predicted, in line with increased expenditure. We are sitting at 25% overall and are confident that it will come within the agreed target of 20%. The rate of administration against project expenditure for this financial year is 12.94%.

It is particularly important in discussions on administration that the LEADER approach is fully understood. It is an important and accepted part of the EU regulations, and we would like it to get the recognition that it deserves in the new programme. Administration in the programme is not simply about process and audit. It includes project development, engaging stakeholders, networking, publicity, and working with other funders and partners on leveraging additional resources in support of rural development projects.

We are aware of the minimum 5% funding allocation that must go to LEADER in the new programme and of the requirement for public funding to be evidence based on need. We are confident that there is a strong evidence base to support LEADER priority 6 measures in the new programme, not least from the consultation responses but also from the demand for funding, as evidenced by the 6,300 applications that we received seeking over £336 million against an available pot of approximately £84 million. That, in itself, speaks volumes.

We invite the Committee's support in securing a sufficient budget, which we believe demands at least a level that is equal to the current budget, to enable the full delivery of LEADER in the new programme. That will ensure that much-needed support reaches farmers, farm families, small businesses, social enterprises and community projects.

Councillor Paul Duffy (Cluster Networking Group): I would like to pick up on the variety of projects that have been supported, examples of which are in our briefing paper.

In recent months, we have seen a very narrow representation of the projects supported under LEADER. We feel that having the opportunity to brief the Committee is important so that we can highlight the very broad and far-reaching impact that the programme has had. Some 600 farm families have benefited as a result of farm diversification projects, and 443 projects have been supported under business creation and development: to put that into context, those are small

businesses or microbusinesses that employ fewer than 10 staff. Some 263 tourism projects, 213 service projects, 195 village excellence projects and 68 heritage projects have also been supported.

Let me give you a few examples. The programme supported and provided for the Good Life Festival, which took place last year at Lough Neagh Discovery Centre outside Craigavon and attracted 8,000 visitors. Agnew Engineering in Gilford received support to purchase new equipment that allowed it to develop its product line and increase capacity. The support also allowed the company to employ one apprentice, who is just one of the apprentices working right across the rural development programme.

Many figures have been quoted, but the key measure for us as LAG representatives is the very broad mix of applications that have been received and supported from across the wide spectrum of rural interests.

Mr Kerr: I want to discuss the new programme. I am sure that the Chair and the Committee can sense some of our concerns. Given the now reduced budget for the broader rural development elements of the new programme, we are concerned that the LEADER allocation will be significantly reduced. If that is the case, there will be many detrimental effects, primarily the loss of valuable funding to rural areas despite high levels of need and demand, and a limiting of the potential benefits of the bottom-up approach that is core to LEADER delivery. Ironically, other funding programmes, such as those that deal with other EU structural funds, are strongly advocating the use of the LEADER approach in programme delivery, yet the rural development programme, from which LEADER was born, may reduce that element in NI.

Furthermore, if the budget is significantly reduced in the next programme, the administrative processes will have to reflect that. The current processes and procedures would be unsustainable and limited support staff available.

For some time, we have strongly lobbied departmental officials on the importance of ensuring a planned and timely transition to the new programme. That would ensure that the delay in the current programme was not repeated, that LAG and staff skills and experience were retained and capitalised on, and that rural dweller interest and momentum for the programme were maintained. Much time and effort have gone into capturing the lessons learned in the programme, and it is vital that those lessons are factored into future planning, new delivery structures, procedural arrangements etc. We strongly advocate that representatives of LAGs, practitioners, DARD, delivery and audit work together to embed a workable programme.

Although the current programme has had its challenges, we feel that significant progress has been made and that the benefits are widespread. It is difficult in any formal presentation like this to get across the real and felt benefits, and we take this opportunity to extend an invitation to members of the Committee to meet their LAG representatives and project beneficiaries to hear, at first hand, the significant difference that rural development programme funding has made.

Andrew will sum up and make a few closing remarks.

Mr Andrew McAlister (Cluster Networking Group): I will try to keep my comments brief. We hope that the presentation has demonstrated that rural development is a vital part of the fabric of the rural economy and rural life. As Paul illustrated, a breadth of projects right across the range —ones that would not have otherwise been supported — have been supported through the programme. As members, staff and councils, we are really proud of what we have done.

Northern Ireland has been a leader in rural development for many years, and we hope that it will continue to be so. A crucial point is that LEADER has continued to deliver jobs, economic outputs, social outputs and cultural outputs. Other industries in the construction, farming and service sectors have been losing jobs over the past five years, but the approach adopted by LEADER has been one of the bright lights. We have created substantial numbers of jobs — in fact, we have been quite conservative with the estimates in our paper.

We hope that members of the Committee recognise that the capacity of the programme is about sustaining, creating, supporting and regenerating communities. We want to see vibrant, alive rural communities. There are many industries that help to make our rural communities what they are, and we think that we have made a positive change and continue to do so.

It is important to realise that, without a robust priority 6 — the type of rural development that we do — rural areas will be very disadvantaged compared with urban areas, where DSD provides quite

substantial regeneration funds. Funds would not be available because of the presumption that the rural development programme would pick up on rural areas. Therefore, if the budget is reduced, deprived rural areas will lose out to their urban counterparts.

It is a bit unfortunate that we find ourselves in a budgetary debate. We are keen to work with everybody in rural areas. We do not see any divide between rural development and farming. They are all part of the same cloth in the countryside, and, to a certain extent, this budgetary debate has not helped. It is not about farmers versus rural development. It is about a community that involves farmers, farm families, small businesses and community groups, all moving in the same direction towards a vibrant and sustainable countryside. It is probably a bit unfortunate that Northern Ireland is the only region in the UK or the Republic of Ireland that finds itself in such a budgetary position.

Let it be clear: we are here to argue for more funds and resources for rural areas in every sector. We believe that rural development and farming are extremely complementary, and we want a balanced rural economy that is of benefit to both.

We want to leave you with three key requests. I know that we are probably speaking to people who are on entirely the same page as us and who recognise the contribution that rural development can and does make to the rural economy. Therefore, we know that you will appreciate and take on board the level of demand and interest in the programme. As we said, we have received far more applications than we could ever cope with, and the programme has made a really strong impact.

So what do we want? We want a sufficient budget to be found for the programme. We understand how difficult that will be, but we feel that it should be at least equal to the current programme so that we can continue the momentum that we have built up. We also want that budget to be in place sooner rather than later because uncertainty is also a real danger.

I think that that is all that I have to say, so I will hand back to my chairman.

Mr Kerr: We are happy to take any questions, Mr Chairman.

The Chairperson: David, Andrew, Paul and Vera, thank you very much for your presentation. I think that every one of us have been steeped in the debate on rural development for the past number of years. One thing that we can all say is that we understand and recognise the time and effort that people in the LEADER programme, on the LAGs and joint committees, have spent working through this in very challenging circumstances. For a long time, your destiny has not been your own. That is through no fault of yours: regulations have come down from on high, not least from DARD and from Europe. I just want to put that down in appreciation of the work that all of you have done over the past number of years in what is the current programme of rural development programme funding.

We will go straight into questions. Members, I ask you to keep your questions succinct and clear. We will take one question each, with supplementary questions after that on that issue. We are now into a new round and a new programme. These are challenging times, with less money, no matter what was going to happen, through no fault of your own. You will have to now deal with priority 6, which is social inclusion, poverty reduction and rural economic development. It would all be great if you could just carry on with the mode that you are in now and spend more money, but that is not the case. You will have to stop and start. I cannot have all four of you answering each question, by the way. Of what you do already and what you do well, what priorities do you think need to be retained and which have to drop off?

Mr A McAlister: LEADER approach has been really successful in this programme and, indeed, in previous programmes. LEADER+ created in the region of 1,400 jobs. Our priorities are in the rural economy, because, at the end of the day, that is the baseline. A successful rural economy can generate the other parts of a successful rural programme. So, farm diversification and supporting small businesses have to be key, and, in certain areas, such as the north coast, Fermanagh and the Mourne, small business and farm diversification include tourism. Those have to be key. I think that it would be disappointing to have to say that we do not favour one or t'other because one of the big successes of our programme has also been village renewal. The regeneration of the villages again ties into those economic factors. For instance, we could have the most successful farming industry in Europe, but if our villages are empty of services, shops and small businesses, that would be a very sterile environment and would get away from that vibrant countryside. I am probably speaking on a personal basis when I say that there are perhaps other funds for the heritage stuff. We want to concentrate on maintaining our rural economies, but part of that has to be ensuring that the social

fabric is maintained in our villages and in some of the services that we have. The big thing about living in a rural area is that one of our obvious problems is that we have fewer services than other areas. We do need to see them, but the priority is the economy first then the services.

The Chairperson: Does anyone else want to come in? You agree with everything that Andrew has said.

I have a supplementary question before I put it out to members. You have told me that you will have to prioritise this money in a smaller pot. That is the type of idea. You will have to target funding and prioritise, and things might well have to be sacrificed. I did allude to the fact that you will have to stop and start. I declare an interest as having been in the north-east region at the start, in the dark days as I suppose you could call them. How can you be sure that the same pressures, the same questions, the same regulations and the same doubt will not be there at the start of this programme, given that it is new, that you have other priorities and that they have been chained up a different way and that you now are in charge of social inclusion, poverty reduction and rural economic development? How can you be sure that you will be able to get off the ground running?

Mr Kerr: It is essential that we try to retain the staff that we have. I take your point about stopping and starting. It has been the same on every LEADER programme. As I said, I have been in it for 20 years, and it has been the same at each changeover. We were micro-businesses in one programme, and the last one had such a big budget that it was almost mind-boggling when you sat down at the start and said, "How do we actually go down to that?". It gets to an economic level where the budget becomes unworkable, so we need more certainty on the budget that will be in there. We see that there will probably be 10 LAGs as opposed to seven on this one, reflecting on the RPA and the new council arrangements. You will probably find that Belfast will be happy enough to join in with the Castlereagh and Lisburn council areas. We see 10 LAGs in existence for the new programme, which will mean that additional managers and administration will be needed. If we are faced with a predicted budget, as we have been hearing, of something in the order of £25 million, you do not have to do the maths to see that that is a bit over £2 million each, and it becomes unworkable. The key to your question is whether we can get the budget sorted. As Andrew said, then we can say what the areas are. You had no qualms with the rest of us supporting what Andrew said about what the priority areas are as we see it.

Mr A McAlister: May I just add to that, Chair? I would put that question back to DARD, because the other UK regions are already starting to look at the structures. We appreciate that the budget may be limited; to be honest, we are hoping that it is not too limited, as David quite rightly said. Nevertheless, we need to continue the process; we cannot stop and start. That would be a disaster for rural areas.

For some time now, the LAGs have been asking to sit down with DARD's audit and policy branches — one of the members alluded to that — to address these issues. Quite simply, the process and structures that we have at the moment are bedded down and, if we can work on the process and audit, we can have a more cost-effective programme. If we stop, however, it would be a total disaster.

Some of the programmes are ready to go again, and village renewal is a good example. A phenomenal amount of work has been done on that, and it is waiting for the next stage, but we will lose that momentum if there is too big a gap. The timing is important, as is experience, as David quite rightly said; the LAG members and staff are crucial. We have had a tremendous learning curve, and we need to make sure that we take those lessons on board and that DARD works with us and people such as yourselves to put this in place now, even if we are not 100% sure of the budget.

Councillor Duffy: The budget is crucial. If there is a limited budget, we will lose the LAG members because they will not show an interest in it. There will be a lack of interest across the whole programme when it starts. It is imperative to keep it going.

Mr Byrne: I welcome the presentation. You have made a strong case for the benefits of having the LAGs and the rural development programme. However, we are where we are, and there has been a 14% cut in the UK Treasury's budget for the rural development programme. It was a surprise to us that DARD did not tell us what it was going to transfer from pillar 1 to pillar 2, and the debacle over Christmas has added to the tale of woe.

How do we go about getting a meaningful budget going forward? I suggest that you will have to lobby the Department of Finance and Personnel (DFP) and other Departments as well as DARD. If a collective lobby is not done soon, the budget will not be realised. First, what plans do you have to

lobby other Departments as well as DARD? I agree with Andrew; you have to get at the policy people in DARD to make this meaningful. Secondly, what will the district councils do or not do going forward, given that they will have a stronger remit in relation to rural development and economic development?

Mr Kerr: Thank you for your comments about the past programme, Joe. We would see the councils' involvement in the development of the programme being as strong as ever. Until today, we probably did not know that we needed to lobby other Departments. We would gladly formulate a lobbying group to take the case to other Departments and be guided by yourselves as to the best way forward. As I said, there is a finite level at which the budget has to be for it to be workable. We are probably not seen in the best light in the Department of Finance, because of slippage within the current programme. The only thing that we can say is that we have fallen on our sword and said, "We said we would deliver, and we have delivered". That is the good news story that we would take to them.

In 2007, when we were formulating a plan to deliver this £100 million of funding, it was very difficult to know what the financial situation would be just around the corner. You alluded to it, Mr Chairman, when you said that we had a lot of external influences that were not in our control. The slowdown from the banks and other financiers in providing match funding was a big blow to us. Hence, as we said, we have a substantial reserve list of projects in the system already, because, as is our experience from the letters of offer to participants, they will perhaps generate a fallout where they cannot secure their match funding. We have learned something today. We will get our act together, and we will get a lobbying exercise on to other Departments, if that is what it takes.

Mr Byrne: Secondly, in relation to the outstanding programmes of the budgets that you have, how confident, or otherwise, are you that you will be able to achieve the spend and achieve the outcome on targets that you had predicted?

Mr Kerr: We will spend it all; it will be fully spent. "Administration" is a terrible word; it gets people's heckles up from the word go. As well as the 475 jobs created, each of the LAGs has employed such people as Andrew to deliver the programme. We are talking about possibly another 70 jobs there. If we come to a scenario where we have to stop, which the Chairman alluded to, we could lose those 70 highly skilled people. They are not going to hang around and wait until we get a new programme before we can go on. Administration for this year is running at about 12.95%. We, as a programme, did not set the administration budget; that was set by Europe. We are confident that we will bring it in below the 20% mark.

Mr A McAlister: Every LAG has a robust implementation plan. At present, all LAGs are on target or ahead of target for this year. All LAGs are confident that they will spend at the end of this financial year. They then have one year to roll it out. The final date for commitment was the end of December 2013, and all LAGs were fully committed. We are working very closely with DARD. As a manager, I meet the DARD representatives once a week. We go through the figures, and we are as robust as we can be. As predicted, spend is increasing. It is a parabolic curve. Spend is always going to be like that. The majority of the spend will be over the next 12 months. We are predicting that the majority of the spend will be over by the end of this year, but there will still be some roll-out, which will take us certainly to March and maybe slightly beyond. That is fairly standard for all programmes. Like David, I am very confident that full spend will be achieved.

Mr Byrne: I want to recognise members of my local action group who are in the Public Gallery.

Mrs Dobson: Thank you for your briefing. The briefing lists some excellent projects. Recently, I visited one, Peartree Barn Nursery outside Lisburn. That project is money very well spent.

The Deputy Chair touched on this. What are your views on the new structures that should be put in place post-council? Will they lead to savings? We know that we will potentially be losing the expertise of some of our existing councillors who have a vast range of experience. How do you feel that that will impact on the future programmes?

Mr A McAlister: The programme as it is now is local action groups and joint committees working with councils. It has been agreed that there will not be a need for the joint committees, because the clusters will be all one council. That has started to bed down really well. Paul — sorry, the Chair — referred to the dark days at the start, and they certainly were, because that system had not been fully worked out. DARD, the councils and the LAGs were operating in a bit of a vacuum. Now that we have got to the stage where the LAGs are operating semi-independently, the councils are in there as a governance and as the accounting officers, and the LAGs employ independent staff who work

probably as council staff, you have a structure that it would seem a shame to change. Although we will be changing the number of LAGs, probably to 10, enough people will probably stay on. You are quite right: the experienced councillors and the experienced people will still be in there. I think that the councils should be slightly better resourced.

It is interesting that the councils have put in substantial amounts of money, probably more than they intended to. Again, I will use my own example in village renewal. At the start, we had very little commitment from the councils into village renewal. However, at the end of the programme, they were supplying something like 30% of the funding. We were getting several hundred thousand pounds that was not originally there. That partnership has really given dividends, and, because councils have a remit right across the economic bit, we are able to work with other partnerships. We are working with INTERREG, a whole range of Invest NI and council economic policies, so there have been real advantages in that partnership. The model that we have at the moment is not perfect; therefore, let us try to tweak it a little bit, and we will have something that is not far away.

Mrs Dobson: You mentioned match funding for projects. I think that you said that £32.7 million has come from council and other sources. In your experience, where does match funding mainly come from? Is it on the increase? Do you see a willingness from farmers to match-fund large-scale farm improvement projects?

Mr Kerr: Certainly, from the last programmes that we opened, we have detected a greater confidence in the general participants who are applying to us for funding. We do not have figures for particular bits of funding, whether it is council, farm or anything like that. However, every project is all match funding, whether it is from the farm where the farmer is putting in his match funding, whether it is a bank or some other financial institution, or whether it is from savings where there is a better return from putting it into a project that would derive the investor a profit than putting it into a bank. It is hard to say exactly what the splits are. As Andrew said, the councils and village renewal has been a big success story. It is clear Province-wide that all the councils have availed themselves of that. The match funding is there; we do not provide 100% funding in any of the applications.

Mrs Dobson: You do see a greater confidence. I am thinking about larger scale for capital grants.

Mr Kerr: In the latter half of 2013, that has been the case, and we have noticed a lot more. An indication of that is the drop-off in letters of offer dropping out. There has been more confidence there.

Mrs Dobson: That is great, thank you.

The Chairperson: We will move on. Jo-Anne, I will come back to you if you have other questions.

Mr McAleer: Thank you, Chair.

The Chairperson: Sorry, just before you start, Paul is fine.

Mr McAleer: Thank you, Paul. *[Laughter.]* Jo-Anne touched on what I was going to mention. It is great that you are here. I have a big interest in rural development, and I have always felt that rural development is the weak relative in DARD and does not get enough attention. That is not just reflected in this; it is reflected in the fact that we have a very much reduced rural development budget from Westminster. France, for example, went after an extra billion and got it, and the South of Ireland is looking for €10 billion. We are looking at buttons here. The overall CAP budget for here compared with pillar 1 is still buttons. It is around 10%. I am very much of the view that we should do all in our power to protect that as much as we can. We had a couple of intemperate discussions in the Chamber over the past couple of weeks. Hansard will reflect the views of people who want to gut that budget. So, I think that it should be protected at all costs.

The list of things that you have done for rural areas is phenomenal. I am involved with rural development myself at home. I know that there are different views about the different types of structures. You talked about the fact that you have a JCC and LAGs operating, and I was about to ask about that. To do almost a SWOT analysis, what do you see as positives or negatives in what you have learned for moving into the next programme?

Mr Kerr: The JCC scenario has been put to bed in that we are not going to have that in the next programme. It was imposed on the last programme because of three council areas. In fact, in my

own case, it is four, where we had Banbridge, Downpatrick, Ards and North Down councils together, with Ards as the lead council. Prior to that, it was Banbridge, Down and Ards. We tend to rotate it round the lead council. It was because of the governance of those that we had the JCC. If there is a LAG scenario, and we have one per council area, that negates the need for the JCC. So, that is a positive as we would see it.

The other positive is that it is one council area. The LAG will be constituted from people there. They will be passionate about the delivery of rural development in their area. Because I am from the community side of things, I always call them the councillors' conscience. One council says, "We are getting more than somebody else", and I say, "No, hold on a minute. You're not. It is breaking out quite even". So, I see it being in one council area as an advantage. How the councils are formulated after that is anyone's decision.

I do not see too many negatives, with the exception of the budget. If it is a low budget, it becomes unworkable.

Mr A McAlister: In a wider context, the pros of this programme have been the sheer level of investment. Probably the most underestimated one is the sheer level of partnerships that have been built up. Those partnerships have not been simply about getting people together; they have been about bringing money together. We are leveraging in, I think we said, £37 million. I suspect that it is an awful lot more. As a manager, I am meeting the Housing Executive, councils, Invest NI, economic people and people from a range of other bodies such as the lottery. That leverage and those partnerships is what LEADER is all about.

It is also about encouraging people to become more involved. Village renewal was not simply about investing in villages; it was about getting villages to work together. For example, we would not fund two or three groups in a village to do village renewal. We would ask them to come together as one project. That is quite an incentive: "We will give you £1,000 if you come together, and we will help you to go there". The administration was not that we, as managers, would simply tick boxes and audit projects. We were out there trying to work with groups as much as possible.

The con, and I keep coming back to it, is the process. We need proportionality. We were ending up doing the same amount of work on a £3,000 project as a £300,000 project. The whole process needs to be looked at. Audit is incredibly important, but I would have loved to sit down with an audit person and surprise them by saying, "Some of your audit rules are a bit lax, but there are four or five things that you could take out and not lose anything from your value for money or what you will achieve because some of the stuff in there just forces you to go through a lot of things". Considering the negative economic situation that we have been in, I think that we have done remarkably well. Sometimes, rural development elements have not worked together closely enough; we should work more with environmental people and the agrifood people. We were not given that opportunity, and I would love to see that happening. I know that Europe is really keen to see it happening. If other parts of the budget can be used, that may be a way to encourage a little bit more money through the LEADER approach. However, I take Mr Byrne's point: it is incredibly essential to realise that DARD is not the only Department here with money. Why is DSD not spending money in rural areas? Why are we not getting more money out of DETI, Invest, and all those other bodies?

Mr Kerr: Another example of that was a village hall — it was actually a Young Farmers hall — which I visited for the launch of their programme. Out of the regeneration of that Young Farmers hall, other projects developed. One was trying to have Roads Service reduce the speed limit through the village. Another was for planting to be carried out within the confines of the road space. A police liaison committee and a neighbourhood watch were formed, just out of the nucleus of the regeneration of the Young Farmers hall. That was because it gave the villagers a focal point for meetings, which they did not have previously because the hall was in such a state that they could not use it.

Mr McMullan: Thank you for your presentation. I could not agree more with one of the members who said that there was a debacle at Christmas. As someone who sat on your body when it was set up, and on the one before it, I could not agree with you more: the programme will still go forward, but, without the budget, it will make things virtually impossible. What budget do you need? This has to be faced by some people, because somebody mentioned today that Hansard would prove what they said. I think that Hansard will prove what some people have said, and what they are saying now. The budget that is now needed has to be put out there so that the Executive step up to the plate. There is no sense in going over everything that you have said; you have hit the nail on the head every time on village renewal and everything else. I think that a lot of people do not realise the benefits that this

programme has brought to rural communities in every sense, across the divide and across everything: business, community, religion — the whole works. What budget do we need to ask the Executive to step up to the plate and provide?

Councillor Duffy: The previous programmes have been shown success, and it will be a success again only if it has a budget similar or as close as possible to that in the past. That is a must.

Mr McMullan: That is a must. So, in reality, the big worry now is the budget.

Mrs McWilliam: Well, 19% of the current programme is allocated to LEADER, and we think that the same allocation is needed for the new programme. That is what we would like to see.

Mr McMullan: As I said, I sat on the programme through what people here have said were the dark days. I do not know when the dark days were, unless somebody put the lights out. For me, the dark days were when people were just arguing their own opinion. Even during those dark days and arguments, you still managed to deliver a fantastic programme. For example, I remember sitting in a Ballymena hotel, trying to get the programme started. I totally agree with you that, if the money does not come through, this programme will be in serious doubt. You talked about 70 people losing employment to start with. That is only the tip of the iceberg. Although we talk about who we should lobby, it comes down to the Executive. We can lobby whoever we wish, but it is now for the Executive to step up to the plate and produce the money. I totally agree that money has to be put in to make this a continuing success.

Mrs McWilliam: We need the same level of funding.

Mr McMullan: Exactly. Well done on everything that you have done. We did not always agree on everything, but it came out the other end in the way that it was supposed to.

Mrs McWilliam: The last time we were here, we pointed out that we were happy to disagree with DARD sometimes. We still do not agree with DARD sometimes, but we are here today with a good news story. We have met our targets. We are meeting the targets every month or every quarter. We want to get across that we have come through the difficulties. We are where we are, and we have made a good job of it.

Mr Irwin: You are welcome. I was a member of the second SOAR and LEADER before that, so I know quite a bit about this. As has been said, there is no doubt that the first LEADER programme did very well. It delivered better than the second programme, and with much less bureaucracy. I know that the LAGs worked very hard to deliver a programme that was difficult to deliver. We, in SOAR, experienced quite a bit of decommitment. A survey showed that 30% of those who decommitted did so because of red tape and bureaucracy. Many people told me that they were cheated off.

We are talking about going into a new programme and seeking more money for it. If you are going to do that, you need new rules and you need to be able to deliver a programme. At the end of the day, it was clear when we got two thirds of the way through the programme that there was going to be a massive underspend. The Department panicked, and some very good strategic projects came forward; I have no doubt about that. However, if it were not for the strategic projects that were brought forward, millions would have been sent back to Europe.

We can spin a very good story, and we know that it delivered in the end. However, the rules had to be changed to achieve that. Let us not just make out that it was so good a story and that everything worked so well, because it did not. I was a member of SOAR. I know exactly how it went and about the frustration of members and chairs. Sometimes, they did not know what way to turn. In many instances, they were getting conflicting views, even from the Department. They did not know where they were at times. They had to ask for clarification on a number of occasions, and it was very difficult to get even that. All those things made things more and more difficult.

Am I right to say that, as it stands today, there is a total of £237 million under the new rural development programme?

Mr A McAlister: It is £237 million in EU contribution. There will, obviously, be national exchequer funding added to that. That is spread across a whole range of activities, including environmental programmes, farm support, and the six priorities. So, unfortunately, there will be quite a —

Mr Irwin: As the last programme was.

Mr A McAlister: Yes, the last programme was. The Agri-Food Strategy Board is very keen. We have some really important environmental programmes. Less-favoured areas are also in there. Unfortunately, given all those demands on the budget that we are looking at at the moment, there will be major issues. We appreciate that it will be a real ask to seek the same amount of money. However, we are saying that we think we have a strong case for what we do. One of the things that we may be able to do is work more closely with other parts of the rural development programme. It would be a big positive if it makes us do that. However, we, as LAGs, cannot do that. We have to ask the likes of the Committee, the Executive and DARD to work with us.

There is a real keenness and enthusiasm among people who are here because they were born and reared and work in the countryside, and are doing it for that important reason. They are not like me, who gets paid to be here. We need to harness that energy and enthusiasm. We are worried that, if we go forward with the programme that we might end up with, we will lose the entire mechanism and the entire structures.

The story has been difficult, but we have got to a good result. Strategic projects have been an issue, but most of them have been very successful. We, as LAGs, did not actually ask for strategic projects. We would have liked to explore other mechanisms. We see the projects as an important aspect. You are quite right to say that they have got us to where we need to get to. We see a programme that will fully spend, create jobs, which it has already done, create businesses, put new rural services in place and improve the tourism infrastructure. Not a lot has gone wrong so far. I think that that is because of the immense amount of work done by LAG and JCC members, staff and a whole range of other partners. It is a good news story.

I suspect that, if you look at any European programme, you will see that it encounters the same problems. We started from a base of being two years' late, but we caught up. Unfortunately, and rather sadly, I have been involved in LEADER since it started in 1903 or some such time — *[Laughter.]* It has always been the same. It is a parabolic curve. DARD keeps expecting it to go in a straight line, but it does not. It is always a curve. There is nothing new happening here. In many ways, probably because of its range, this is the most successful European rural development programme yet.

The Chairperson: On a point of record — this is in connection with William's question — the future programme is sitting at €227 million. What is the old programme sitting at?

Mr A McAlister: A total of £520 million. That includes national exchequer funding as well.

The Chairperson: Out of that £520 million, you got 19%.

Mr A McAlister: Yes. That is correct.

Mr Irwin: For any new programme to be successful in real terms, it needs to be simplified to some degree. If that does not happen, we are fighting a losing battle from day one.

Mr A McAlister: Agreed.

Mr Kerr: To pick up what the Chairman said, we have to stop and start again. We alluded to the fact that it took two years to get the current programme off the ground. There were two years when, like you said, we were frustrated because we were ready to go and all was in place. If we knew then as much as we know now and had pressed the button, you would not have had strategic projects. Well, perhaps you may have needed them because of the economic climate. Given the economic climate when this was first launched in 2007, no one had any idea what was round the corner and the slowdown that was coming.

Councillor Duffy: That is exactly right. The size of the waiting list that we have at the minute for projects that are waiting to be funded through slippage and decommitment is just fantastic. It has soaked up a lot of what went to strategic projects as well.

Mr Irwin: As a representative, I have had, as I am sure others have, meetings with people about issues with the Agriculture Department. That has been quite difficult. At the moment, one of them, because of a slight mistake, could lose £50,000 and become bankrupt. Things like that are very frustrating. That is why I —

Mr Kerr: I fully agree with you. I do not think that anyone delivering the programme would disagree with me when I say that it is bureaucratic to the extreme, even in the level of auditing, which Andrew alluded to. We could have one project that is audited five times. We admit that it is European funding, and we are all responsible for delivering on that, but why can one level of audit not satisfy everyone? I am a very practical civil engineer who says that if you want to build a bridge from here to there, you need to put down two foundations. You only need to lay down two foundations to get a bridge up.

Mr Irwin: I think that, at one stage, you had more than five audits. There were up to, I think, nine at one stage. That tells you —

Mr Kerr: That is the level of administration that each LAG has to provide to various auditors when they arrive.

Mrs McWilliam: DARD has implemented more restrictions on us than the Departments in England, Scotland or Wales did in those areas. The Northern Ireland Department put in place its own restrictions, and we did not really see the need for that.

Mr Swann: Thanks, folks, for your presentation. I declare an interest as a member of the north east region LAG. There has been a lot of concentration on the strategic projects, which I know William brought up. I think that, when it comes to funding for the programme, one of the biggest shocks was the pot of money taken for rural broadband provision. Do you know where that is at the minute?

Mrs McWilliam: According to our information, the Minister is looking after that and it has been taken out of our hands. It has sort of left the radar. Is that not right, Andrew? We do not know where it is.

Mr A McAlister: We are aware that there is a sum of money. I could not tell you what the status of that is, the amount of it or what the timescales are for spending it. That is something on which we have never been consulted at all.

Mr Swann: I remember that something was raised at this Committee about that, because it came as quite a shock that this money was taken for rural broadband. However, I remember that there was some communication between DARD and DETI as to who actually was going to —

Mrs McWilliam: Yes. It was taken away from us all together.

Mr Swann: We talked about money being handed back to Europe. Is there a possibility that, if DARD and DETI do not sort out this rural broadband project, the two Departments would be jointly responsible for handing money back to Europe?

Mr A McAlister: I think that that is quite likely because I know that the problem was that DARD set aside money for rural broadband without any consultation with DETI, and that has caused a lot of difficulties. That money should be out in the public domain at the moment. If it is not spent very quickly, there are other examples of European funding in County Down and up near Lisburn, which show what problems can arise.

Mr Swann: If that money were made available within a short space of time, could you put it into your slippage projects?

Mr A McAlister: I speak as a manager. To be honest, we would have difficulty if someone put down £20 million now, and the reason for that is that we do not have the ability any longer to go out. Our programme is closed for applications and, although Paul has quite rightly said that we have some reserve projects, we have nothing to that level. Had we known of that six months ago, yes, but at this stage it is very difficult.

Mr Swann: So it could be lost. Chair, would it be possible for us to get updates from both Departments as to how much money that was and where it is?

The Chairperson: Yes, that is no problem. As a result of this presentation, we will write to the Minister, I imagine, on a number of points of concern, and that will certainly be one of them.

Mr Milne: I just want to say that I am delighted to see you and to hear everything that you have said. I am very supportive of what you do for the countryside and the delivery that you achieved made so far. However, on the village renewal stuff, I want to say with respect to all those good points that you made, I have first-hand experience of my own village, which has endured a certain amount of vandalism, antisocial behaviour and all that. The village renewal programme transformed the whole area. It eliminated any crime and all that antisocial stuff, and brought our community together and restored pride in the place. Therefore, I value everything that you do and I cannot speak highly enough of it.

You were asked the question earlier about prioritising, and it was said that something might have to be dropped off. I do not see why anything needs to be dropped off. I do not see how you can prioritise all those good things that you do. Joe Byrne covered the point that I want to make, and he is right. The Minister has stated openly that she will be going to the Executive and asking for money for the new monitoring round. It is very important, in my opinion, that those who should be lobbied are lobbied right across the board. Well done to you.

Mr Kerr: Thank you very much. Andrew mentioned the parabolic curve of expenditure. One of the Departments that we need to lobby is the Department of Finance, which seems to operate on straight lines. That has presented us with difficulties throughout the year.

Mr Byrne: All I would like to say at the end of this is that we have to recognise that this debacle has happened. However, it is now crucial that DFP, as well as DARD, and indeed some of the other Departments, are now lobbied. The worst thing that can happen is an alarming public squabble, because that means that rural development will suffer. We do not want that.

The Chairperson: Just in closing, I think that all the members have had a fair wind and, mostly, have said their piece, along with asking questions. However, as far as this Committee is concerned, we believe that, if the Minister puts a case to the Executive, it is her responsibility and role to ask for what she thinks she needs. Certainly, under devolution, we are here to be spoken to, and that applies not least to Ministers. So, again, influence should be brought to bear on anyone, and Ministers especially should be lobbied. That is your remit, and I encourage you to do so. The argument is not necessarily about what needs funded but about where the funding comes from. That is the most important issue, and it should not be left out of any dialogue or debate.

Thank you very much for your time today. I propose, Committee, if members see fit, that we send the Minister the Hansard report of today's presentation and ask her to address some of the issues and concerns, including the need for budget detail as soon as possible; the issue with proportionality of the various scales and sizes of projects and the amount of man hours and admin that goes into that; the Committee's real concern with the stop-start element; the percentage that priority 6 will get from the new money, no matter how much that is; and Robin's point about where the broadband issue is at present and when that will be on the ground. Those are a number of the points, but we will send the Minister the Hansard report and ask her to address those points.

Mr McMullan: It is very important that the message goes out that the Committee backs the Minister's application to the Executive for funding. We cannot be seen to do anything other than back that.

The Chairperson: We can back the fact that she should make an application but we cannot back an application until we see the content.

Mr McMullan: We cannot beat the programme twice. We have already beaten it once, and a raft of people in the rural community are waiting for the money. We have to back the application when it goes to the Executive because we are long enough in the head to know what it will be.

The Chairperson: It is fair to say that the Committee would support the Minister going to the Executive with proposals.

Mr McMullan: To make an application?

The Chairperson: Yes.

Mr Kerr: Thank you very much, Mr Chairman, for all your Committee's kind words. We are always seeking publicity for projects in all our areas. Is there any mechanism whereby we can invite your Committee members to see projects in their area? Invariably, we invite the Minister and, if she is not available, we get a senior official or someone like that. Are you happy enough for us to invite you along to launches of projects etc?

The Chairperson: I give you an assurance, David, that if you write to invite the Committee, the Committee Chair or members of the Committee, we will look at that. There is no doubt about that. We might not be able to attend — it depends whether the diary permits it — but we will always look at and assess everything. Things come to us all the time, and we put that into the packs.

Mr Kerr: It was in my presentation that you are all cordially invited to attend any of the LAG meetings or anything like that, but I will ensure that the message goes out to the various LAGs that, if we have a launch, all the local Committee members get an invitation.

The Chairperson: OK. Thank you very much.