



Northern Ireland
Assembly

**Committee for Agriculture and Rural
Development**

**OFFICIAL REPORT
(Hansard)**

**Rural Development Programme:
Departmental Briefing**

17 April 2012

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)
Mrs Dolores Kelly (Deputy Chairperson)
Ms Michaela Boyle
Mr Trevor Clarke
Mrs Jo-Anne Dobson
Mr William Irwin
Mr Kieran McCarthy
Mr Oliver McMullan
Mr Robin Swann

Witnesses:

Mr Gareth Evans	Department of Agriculture and Rural Development
Mrs Pauline Keegan	Department of Agriculture and Rural Development
Mrs Lorraine Lynas	Department of Agriculture and Rural Development

The Chairperson: I welcome Pauline Keegan, director of rural development, Gareth Evans, principal officer, and Lorraine Lynas, head of rural development programme management. You are very welcome to the Committee again, as always. We look forward to hearing from you today. I am sure you have a briefing for us before we go into questions; so, without further ado, proceed.

Mrs Pauline Keegan (Department of Agriculture and Rural Development): Thank you very much, Chair. First, I apologise for not providing the Committee with papers in advance. I had wrongly assumed that the document on your website with the long list of comments from each of the working groups was the precursor to a formal report, and I have been waiting for that. My apologies for not giving you something in advance; but, if you are content, I can now table a very short paper for members, which could assist our discussion. There are just a few points on it.

The comments in the document are grouped under the various topics for the event that we had. Topic 3 does not actually have a heading, but I think it is to do with reflections on experiences so far. That is how we have looked at it. Some of the comments are, helpfully, more strategic in nature. There are comments around the fact that there might be a lack of continuity between programmes; the delays in the planning process, which can be difficult; praise for the simple application process and the perceived bureaucracy of the programme. There are also comments around the 50% grant level for private sector applicants; the whole structure of axis 3; the rules on the rural/urban split, and what we call commensurate effort, which is whether you have the same process for a £1,000 application as you

would for a £50,000 project. Those comments are useful and will be taken on board as we think about and plan for the new programme. I should say that Lorraine, a policy colleague, is here to speak about the new programme, timescales, etc, if that would be of interest to the Committee. Those strategic comments are helpful to us for our thinking and planning for the new programme.

A fair few of the comments relate to operational issues. None of them appears to be particularly new to us. I think I am right in saying that the majority have probably been raised before, particularly those in relation to audit issues and operating rules. I am sure that that is not surprising. It is what you would expect, and people could raise those issues in the forum of the stakeholder event. Many of them have been addressed. For example, we have taken forward easements in procurement. We now have quotations to be sought, not obtained, which is quite a difference, and faxed quotations are accepted, so we have managed to bring forward some movement on that.

Comments in the document about communication have also been taken on board previously. There are many working groups established that provide lines of communication. Most recently, there was one on publicity, which involves the DARD press office. Providing best practice examples from other European countries is part of the work of the rural network. It also looks at training needs and providing help and assistance to local action groups (LAGs). Much of that work is ongoing, and it is helpful to have it set down in the comments.

There are some comments about the need for direct discussions with youth — I add women to that — about the programme. That will be taken up by DARD. LAGs would want to be proactive in that work. They probably should be, as they are conversant with the people on the ground. We will also look at that and take that comment on board. I suggest that the monitoring of why people drop out of the programme would be a role for the LAGs as they know what is happening to those applications. We are happy to work with them in that regard and see whether we can find out the reasons for that. There is a comment about the decoupling of the programme from the councils so that they do not have the burden of the programme. Obviously, if and when RPA happens, that could be difficult to achieve if councils still want to deliver rural development. I believe that they still strongly desire to deliver rural development, so we need a bit more discussion about that when the time comes.

There were relatively few comments about the actual progress of the programme as regards spending the funds at ground level. Match funding appears to remain an issue. The Minister and officials continue to work with the banks. In relation to axis 3 specifically, the figures for spend remain disappointing. The total spend to date in the axis is £22.2 million, which is made up of £14.6 million project spend and £7.6 million administration costs. Obviously, as you know, the Minister has announced her refocus of axis 3. I ask for the Committee's support and endorsement of that, as the purpose of the programme is to achieve spend in rural areas as quickly as possible and to help the community to benefit from it as regards jobs, tourism and so on. The refocus and the looking at strategic projects will be helpful.

On the other side of it, perhaps more positively, the cumulative investment position on axis 3 is almost £50 million: that is, investment by letters of offer. A further 130 applications that have quite recently been approved by LAGs have a total grant value of over £7 million. Nevertheless, we have to do more to keep the programme moving and get the spend out on the ground.

Most LAGs have identified a variety of strategic projects, and an open and competitive call will take place at the beginning of May. The permanent secretary, Gerry Lavery, and I will meet the local action groups and councils this Thursday, 19 April, to discuss progress of axis 3, the spend position and the potential of the strategic projects to make a difference.

I am happy to take questions, Chairman. That was quite brief, but I know that is how you like it.

The Chairperson: Thank you very much for your presentation, Mrs Keegan. We all know the context of this. The Committee held the stakeholder event in Dunsilly. It was designed to be positive and to assist the Department as much as the Committee with ways in which we could go forward, not least on this programme, but also in the future programme. There were three topics so that we could advance our thought processes on the way forward, not least to spend the money that we need to spend now so that we are sending very little back, and also to make sure that, when the new programmes start, we

can get off the ground running. Undeniably, a fault of this programme was that it was a very slow process at the very start. There is a consensus that we now have the snowball running with respect to spend and that the LAGs and joint committees are doing pretty well in that regard. There has been a refocus of the Minister's statement and thought processes, which, again, is not necessarily a negative: if that spends more money, it is good. However, there is a fear out there that some LAGs are being held back, or sidelined, so that more strategic spending will take place by councils. What have you done to assuage those fears? There have also been reports, although they have not yet been substantiated, that competitive calls have been withheld in some LAGs and that they have not been allowed to open or spend because of that. What can you say about that?

Mrs Keegan: OK. Thanks, Mr Chairman. I have heard those fears and comments as well; I think Gareth has too. At the moment, and over the last couple of weeks and months, we have been saying to local action groups that we need to see their implementation plans for the next year. We need to see what they think they are going to spend over the next year, what sort of process they are putting in place and how they are going to manage the refocus into strategic projects.

We have also said to them that, if they want to use this opportunity to move money about within the six existing measures in the programme, they can take this opportunity to do it. So, if one LAG feels that perhaps it might spend more on business creation, village renewal or something like that because it knows it is getting more applications in, it can do so.

What we have not been saying to LAGs that they should not open calls or stop because, even with the strategic projects, we still need to effect spend on the six existing measures. They are six very useful and good measures. We have said to them: just stand back a wee bit, take a deep breath and find out what you want to do. If you want to put more money into farm diversification or village renewal, do that, agree it between your LAG and the JCC, see what you are going to bring forward by way of strategic projects — £2 million, £3 million or whatever it might be — and then you will really know what you are going to do for the next year.

We have not asked the LAGs to stop: it would be foolish of us to do that. We have asked them to take a deep breath and get the implementation plans in. We need to know what they are going to spend on, and we want to work with them on that. We have said to them: If you go ahead and open calls right now, before you know what you are going to do over the next year — if you open on village renewal, and I just use that as an example — do you know what you have spent already? Do you know whether there are applications out there? Why are you opening? Might you be better opening business creation, tourism or something like that? It is just to help manage the process. That is really what we are trying to do. Local action groups have said that they are happy to work with us, and we are obviously happy to work with them to manage the process.

So, that is the message that we have been trying to give. I know that sometimes the messages that you give are not always received in the way that you try to give them, but that is genuinely the message that we have been trying to give. There is no point in our saying that spend is not an issue: spend is an issue. It is slow, and having spent only £22 million, and having huge underspends year-on-year, is not a position that anyone wants to be in, and that includes the LAGs and the councils who are giving up their time voluntarily to take forward this programme. It certainly includes my Minister, officials in DARD and the Committee.

So, we are trying to find a way to do this. The refocus with strategic projects of up to £1 million is quite an opportunity, I hope, to allow bigger, broader spend and more spend. However, the six measures have to be spent as well. We would not like to see no action, or inaction, on the six measures.

I am sorry for the long-winded answer, Chair.

The Chairperson: You are OK. I know that there is a keen interest to get progress on this issue. Before I open up the meeting, I have one other question. Over the years, businesses have been excluded because they have had an urban postcode. A business might fall into the market town scenario, whereby it services the rural community or is at the edge of a speed limit that is seen to be urban as opposed to rural. Is there any movement there, or are there any thought processes to move

on that issue and open it up more? It will maybe have the same effect where you have large spend. I know that there was potentially a concern as regards the market towns absorbing a lot of money and taking it away from the rural side of things. Again, this would be a way of opening up more potential for spend. Is that still in the Department's thought processes?

Mrs Keegan: I think that you are absolutely right. The figure of £4,500 has meant that there is a grey area, whereby people do not fall within urban or rural categories. That is something that we would like to consider, and comments were made on it. At the moment, if a project is sitting outside a rural area but has an impact within the area, it can certainly be considered to be eligible for spend. We have done that in the past and I think that that is right. Even if a project is sitting in a town but is impacting on a rural hinterland, that is a good idea. I do not think that you are wrong in making your comment: maybe some people have set an arbitrary split at £4,500. We are going to be talking to our counterparts in the Department for Social Development (DSD) and taking note of comments. If the Committee feels that that comment is important, we will take it on board.

Mrs D Kelly: On your latter point, Chair, although there might be a need for some increased flexibility, Pauline will recall from her days of coming down to Craigavon that we were very keen to ensure that the money was spent in rural areas and that towns did not absorb it. So, where there may be a relaxing of some of the rules, I am very keen to ensure that rural areas and villages remain the focus of benefit.

I am disappointed in your response to the first question that the Chair posed, in which you talked about process. I, for one, am very concerned by the strategic focus that the Minister has given to the local councils. Local action groups are suspicious of councils in some instances, because they do not see them as being the vehicles to do this. It appears very much as though this is being used to ensure that the Department does not fall flat on its face and money returned to Europe. I do not think any of us want to do that — something does need to be done.

Pauline, I spoke to you about this before Christmas. I have a private enterprise in the rural part of my constituency that could bid for that funding of up to £1 million, and yet it is denied because, under current rules, that is all done through local councils. Surely, this is about entrepreneurship. I do not want to say what the particular functionality of my enterprise is; that would give it away, as there are not that many of them. However, we are a long way from the 1990s, when we had the LEADER II programme. We should have learnt a lot of lessons. What we are hearing today is that the same problems are being highlighted by members and LAGs as were experienced from the 1990s on.

I note that one issue in some of the comments in our papers today is that there is no flexibility for a fast-track approach for a small grants scheme — I have not yet heard you say different, Pauline — as used to be the case with the district police and reconciliation fund. People say that they are having to go through the same process — in audit, etc — for £1,000 as they would for £200,000. This is supposed to be about improving the quality of life in rural areas. In some areas, £1,000 could make a huge difference. So, I am very disappointed. This is not rocket science. We have known what the issues are for a very long time. I am disappointed that we have not seen anything other than talk around process rather than outcome.

If you were to come and talk to me for half an hour about ideas for where money could be spent, I could send you in the right direction. In some sense, some of the local identity has been lost because of the new structure that has been created with the JCCs and local action groups. I do not think that that has been a particular success. I know from experience that the best way to advertise is through somebody up the road getting the funding.

In my village of Aghagallon, a bid has been put in for the community and village hall. That business case has been sitting with DARD from Christmas, with no decision. Why is it taking so long? Some of the stuff that the LAGs and others are looking help with is to do with hand-holding. All the focus of DARD is on process, rather than on actually helping people to work through the process. At the stakeholder event in February, I raised with you, Pauline, the fact that, at one time, there was some assistance — what they used to call community technical aid supplied it — but that is no longer the case.

In my area, huge numbers of young people have emigrated to Australia in the past few weeks. That is a feature throughout Ireland. Surely, however, there are many young people out there who cannot get the money together to get a ticket to Australia. Just this weekend, I talked to some young people who want to go but just cannot get the money. Surely, we should be doing an awful lot more for our young people in rural areas. In my constituency, and certainly in that part of Craigavon, the number of young people is higher than the number of older people, which is unique, and yet we are doing very little by way of alternative provision. The Minister talked about some work with the Minister for Employment and Learning, but what is it and where is it? We have not seen what it is.

Mrs Keegan: OK. There are a number of points there. I am disappointed to hear about the LAGs being suspicious of strategic projects, because some of the LAGs said some time ago that the restriction of £50,000 and £250,000 was perhaps not really helping them, and that if we could get bigger projects of up to £1 million, they think that that would help, and we agreed. Therefore, it is a way of trying to get money on the ground and to get good projects out there. If the LAGs do feel that way, I think that we will hear that on Thursday.

Mrs D Kelly: I will just come back on that point, because one of the reasons for that goes back to the Chairman's point. If there is a restriction on the call for applications by LAGs because of the strategic focus, they are in competition with one other, and they should never be in competition.

Mrs Keegan: No, they should not be.

Mrs D Kelly: That is how it is perceived.

Mrs Keegan: Perhaps I did not explain it very well, but there is not. I know that the word "process" sounds awful, but process does lead to outcome.

Mrs D Kelly: Not for some in the Civil Service, I would say. Process leads to another process.

Mrs Keegan: Hopefully not, but I know what you mean. Certainly not in this case, however. That is not what we are trying to bring about. We are really saying that, if you are interested in strategic projects, which I think you are — most people are — let us see what they are. Let us look at the process. I think that some of them are opening their village renewal projects in a couple of weeks' time. All of that is happening.

Mrs D Kelly: I feel very strongly about village renewal, because my own village has been excluded. A couple of new housing developments mean that we now have a number of villages that are commuter villages, where the indigenous population still contribute to the parish halls and parish centres, the church halls and local sports clubs, while others come and live in the area and then travel into the town. Their presence in the town — of course, it is great to see growth in village areas — has led to the indigenous population being penalised because of the way in which the village enhancement rules have been set.

Mrs Keegan: On Friday night I was down at a project in Burren near Warrenpoint that the Southern Organisation for Action in Rural Areas (SOAR) had, which was a community association. A lot of adaptations had been made to the hall, and £80,000 had come as a grant to the group. In fact, the group actually thought totally the opposite, believing that it had been very involved right from the start. You can give examples, but it is not our intention to put anybody out.

On your point about the private sector, Dolores, there is a rule about 50:50 for private sector applicants, as you know. I think that that may be the point that you are making.

Mrs D Kelly: No, it is not. The strategic ones, as I understand, are currently only those that are with the local authorities and councils. That is what we were told. I think that there were to be some —

Mrs Keegan: I think that Gareth wants to come in, so I will let him in.

Mrs D Kelly: If I might finish, the 50:50 rule is one that DARD has imposed. Is there not a level of flexibility for that to go up to 80%? I read something on that a while back.

Mrs Keegan: No. It is not our rule.

Mr Gareth Evans (Department of Agriculture and Rural Development): I will start with the 50:50 rule. We have actually written to the Department of Finance and Personnel (DFP). That comes from the days of DeLorean, believe it or not. The DeLorean situation meant that a 50:50 rule, pound for pound, was imposed by the UK Government, through DFP. We have written to that Department, which said that it had reviewed the rule twice and does not think that it needs to be changed, so that rule will apply. I am totally in agreement with you. I would like to see the rule moving on, because colleagues in the South are now moving to a 75% funding rate. When we had the awayday, one of the points that I, as a departmental official, raised with Oliver's group was that that was something that I would like the Committee to have a look at, if there was a way of doing that through DFP representation. It would be most welcome.

Mrs Keegan: I should add that I do not think that it is DFP's fault. It is a national rule; DFP is not putting that forward itself.

Mr Evans: On the rules around the £1 million for private business, we cannot do that for private business because of the state aid rules. The programme was funded under de minimis aid, so anything that involves competition is restricted to £170,000/€200,000. That is why we cannot open up the £1 million.

The criteria in each of the LAG areas for what villages come into the village enhancement plans are set by the LAG and the joint council committee. They are not set by DARD. We give them a free remit to decide what criteria should be met within that band.

Mrs D Kelly: I will perhaps take it up with them, then.

Mr Evans: I move now to the hand-holding bit. Part of the rural support network's contract is to go out and work with community groups and take forward applications for the programme. That is partly why it is funded. Part of the administrative funds for each of the areas is for going out and doing animation with applicants. It is to go towards having events and bringing people in to have a chat with them. That is all part of that.

The private people and community groups that think that they have an idea and want to take it forward can apply for technical assistance of up to £5,000. That can be used to develop the idea. It does not matter if, at the end of the process, there is no project. Nobody is going to go after groups for the money. It is better to spend that funding to prove that there is or is not a project than to spend a lot of money and find out that there is not.

I move now to the suspicion about the LAGs. I have been out and talked to representatives from the three that I represent, and my colleagues have done the same across the seven. I have gone out to a full LAG meeting in the north-east, and I am going to the Lagan Rural Partnership on Monday to have a full discussion with its representatives. We sent out the criteria for the projects over a week ago. The criteria were first issued to the administrative managers in January 2012. They were told to take the criteria back to their areas and to talk to the LAGs and the joint council committees to see what could come forward. About a week ago, we sent out to groups a draft version for comment. It is almost like the final version. We have not had any back, so far.

I want to go back to the other point about applicants. We continually meet groups, organisations and applicants, and we offer advice as often as possible. This morning, for instance, one of my colleagues, having received a third letter from an individual with a business idea, went out and met the individual to talk about it, to tell them where to apply, how to apply and how to go through the process. We actively do all those things.

I think that I have covered most of the things. The only thing left is the fast track for small procurement. Procurement has plagued us from day one. I do not mean to push it away from DARD,

but procurement rules come through DFP. We could have better and easier procurement rules, but we will operate with whatever rules are given to us. It is as simple as that. I believe that there is some sort of an easement around smaller projects on its way. I think that I read something in draft form about a week ago to say that DFP is going to increase the limits for which you do not have to get quotes and tenders.

The Chairperson: I want to comment on a point that you raised about attending a LAG meeting. Was there not some confusion at the stakeholder event about whether officials are allowed to attend LAG meetings? Has that changed?

Mr Evans: No, as officials, we cannot be a member of a LAG and attend every single meeting, for the whole of the meeting. However, we can attend any meeting of a LAG or JCC to talk about a topic or topics. We have always had that ruling. The original ruling came from an audit that was done with DFP five or six years ago. At that stage, we sat on local action groups as members. Following that ruling from DFP, we were told to come out of all the groups. We do attend, however, particularly if there is an issue that people wish to talk about. As I said, we went to the north-east and spent 45 minutes there. I think that there were 25 or 26 questions, but we had a full and open discussion. That is available at any time to people who wish to avail themselves of it.

Mrs Keegan: I want to say something on behalf of DFP. A lot of these are national rules. Procurement is vital, as you know, as are tendering rules and everything else, from the point of view of equality, for instance. We have to give them a lot of time and attention. I take the point about the difference between £1,000 and £50,000 and, certainly, the point about an economic appraisal. It is not the same effort at the moment. Those are points that can be taken on board, not perhaps for the new programme but for now.

Mrs D Kelly: What is the turnaround period for the assessment of applications?

Mr Keegan: Economic appraisals are done in the local actions groups. They then come to be quality-assured. Am I right that all of them do?

Mr Evans: The entire assessment process is done by the admin units in LAGs. DARD can quality-assure eligibility checks, which are done on the day on which they are given to us. Economic appraisals are quality-assured. Any appraisal over £250,000 has to go to the DARD economists to be reviewed because you are into the green book appraisal. There are standard rules across government.

Mrs D Kelly: Why are you paying somebody to do the job and then to do it again? Why not just take a sample?

Mr Evans: We stopped doing eligibility checks at the beginning of the programme, and we were asked to come back in and assist with them. The majority of what we see now is literally ticking a box; there is no disagreement. A very odd case would have a bit of discussion around it.

Mrs D Kelly: Will you get back to me about why the application for Aghagallon village hall is taking so long?

Mrs Keegan: Do you want me to talk to you outside about that one, and I then will have a look at it for you?

Mrs D Kelly: Yes.

Mrs Dobson: As we all know, the single biggest issue that faces common agricultural policy (CAP) reform is agreement of the budget. MEPs have said that they are not going to agree anything until they know the budget and the CAP post-2014. MEPs are giving 2015 as the most likely start date for the reformed CAP. Although pillar 1 can roll over without too much trouble, there is no legal base for pillar 2 to continue. What engagement has DARD had with the Department for Environment, Food and Rural Affairs (DEFRA) and the European Commission to gain clarity regarding the transition period between the two rural development programmes?

Mrs Lorraine Lynas (Department of Agriculture and Rural Development): There are two issues: one is the actual transition rules, which apply at the end of the programme; and the other is over what will happen if the regulation is not agreed in time. The Commission's position is very firmly on trying to keep the negotiations on track. It has not really given any indication of what will happen if agreement is not reached. You are right: the position with pillar 2 is that bit more difficult. We have input on the transition issue and have input into an overall DEFRA paper, which has gone to the Commission to try to clarify what might be in the transition rules. We know that something is imminent on them. We are continuing through the working groups on the rural development negotiations to push the Commission to make clear what will happen. All member states are in the same position.

Mrs Dobson: Have you studied other member states and UK regions regarding the transition period?

Mrs Lynas: Yes, we are part of a UK finance working group, in which we look at the issues that affect all four of the programmes in the UK. We have also had meetings with ROI —

Mrs Dobson: Therefore, you are aware of the preparations that they are making?

Mrs Lynas: Yes, we are. We input into that as an overall UK position, but we have also had a meeting with ROI colleagues to discuss the new programme development and the issues that might arise if we cannot roll out the programme. It is worth pointing out that spend will continue for axis 1 and axis 3 anyway up to 2015, so there will be some continuing spend. We are actively raising that issue with the Commission.

Mrs Dobson: What work is DARD doing internally to prepare for the rural development programme and the possible period of transition?

Mrs Lynas: We have started to do quite a lot of thinking around the new programme, including the whole CAP reform consultation. Norman Fulton briefed the Committee yesterday. That included the rural development proposals.

There will be a further consultation. We need to develop a programme even though we do not have agreement on the proposals and do not have the implementing regulations. We have set up some high-level policy groups to think about policy areas. Those are based very much on the six key priorities in the rural development proposals. We will have to engage the ex ante evaluators very soon — this year. The Commission has started to give us guidance on what should be included in the terms of reference, and so on. A consultative partnership will have to be set up with our partners and stakeholders, and that will happen later this year as well. Next year, there will be a further consultation on the draft programme. At a very high level, that is what actually goes into the programme.

Separate from that, there will be quite a lot of work on the delivery side, part of which is the review of the LEADER approach. That will be completed by September and will help us inform future LEADER structures.

Therefore, the delivery mechanism is one of the two issues, and many of the issues raised at the stakeholder event concern the delivery element. The programme itself is a higher-level policy document that drives forward the delivery. We are working to two clear elements and have a timeline of all the stages that we need to go through. However, that is very much guided by when the proposals are agreed and when the implementing regulations come out, so it may be a stop-start process, in which we can —

Mrs Dobson: Are you just at the thinking stage? Do you not have any priorities or themes at this stage?

Mrs Lynas: No, we are at the stage of setting up the structures. We know from the way in which the regulation has been set up without the axis structure that there are six key themes and a number of

measures that can contribute to those. At this stage, it is very high level. For instance, what would be our policy on climate change? What would be our policy on business, young farmers and suchlike? We will then start to bring in our partners through the consultative partnership.

Mrs Dobson: Given that the permanent secretary said that tranche 3 of the farm modernisation programme could mop up demand for small grants, what thoughts have you given to tranche 4 and the possibility of a capital grants scheme? Where are you with that?

Mrs Keegan: You are right. Obviously, tranche 3 will open later in the summer. The consultation on that finishes on 18 April — tomorrow. We will need a few weeks to see what the responses are, and we would like to take that time. You have given us some good information on what happened in Scotland on the capital grants scheme. We and our policy colleagues are actively looking at that to see whether it is something that we can take forward. The industry is certainly interested in it.

Mrs Dobson: Very much so.

Mrs Keegan: You have let us know that, which is helpful. When I talk to the industry, I get the same sort of feeling from it about a bigger capital grants scheme. There is no doubt that a farm modernisation grant of £4,000 is small. I suppose that it has some benefits, in that you can rattle the grants through quite quickly, and, when we talk about the process being long, getting grants out quickly can be good. However, it is something that we are considering. It is questionable whether it would happen in this or the next programme, but, again, as Lorraine said, any of these discussions will be with our consultative partners and the Committee.

The Chairperson: I remind members that the briefing yesterday referred to the transition between rural development programmes, and the papers contain information on the rural development regulation, which has just been referred to.

Mrs Lynas: To explain, there is probably more controversy on the pillar 1 side than on the pillar 2 side. Pillar 2 is really a menu from which you can select. At our level, we are feeding into the working groups, but that continues to be at the level of trying to get the detail right. Although it seems as though there is not much in there on the pillar 2 side, those are the key issues that we are dealing with. We now need to decide what we wish to select from that menu. That is where we need to go next.

Mr McMullan: When the reform of public administration (RPA) comes about, it could happen pretty quickly and there will probably be a block on capital spending by councils to get ready for the transition. What will happen at that time as far as match funding or anything like that goes? There may be a problem there for spending programmes. Earlier, you said that we should be looking at RPA. I deem it vital that you deal with that. Please do not take me up wrong, because I am not trying to tell you your job, but it is an issue that needs to be dealt with now. The date being bandied about for the shadow elections is 2014. A cap will have to be put on councils' capital spending before then, which will affect match funding for groups. That needs to be teased out, because you could come to a stop there. That is my first issue. Money was set aside by Arlene Foster or Sammy for small and medium-sized enterprises (SMEs), was there not?

Mrs Keegan: Is that the Invest NI loan fund?

Mr McMullan: Yes. Can SMEs in rural areas that are going through the rural development programme get that extra funding on top of what they can get from the programme? Or does the rural development programme channel those applications to that particular fund? That is my second question.

I discussed this next issue this morning, and we touched on it slightly here. There is a major problem with diversification in farming, in that planning has not moved with farming practices. That is holding up quite a lot of applications. No, I do not mean "quite a lot" — that is wrong. It holds up a number of applications. You are put through hoops, and some of the things that you are assessed on are absolutely ridiculous. I think that there is a need, not just for the Assembly but for the Department, to talk to those in charge of planning and ask them what exactly is wrong. For example, I know a man

who is waiting to put in an application to the Department but who was turned down by the Planning Service because he could not put his shed into a settlement. The Planning Service does not take into consideration the farm maps and the use of existing farm buildings for farm businesses. That will have a great effect on the single farm payment, and that is not what we want. All those things are not taken into consideration, and there needs to be something said about it. To me, that is one way of speeding up the process of getting in applications. Those applications are waiting to go in, but they cannot be submitted.

Finally, and I will be very brief, the Minister of the Environment recently released money for Portstewart and Portrush for the golf tournament. He has a thing about golf. Other rural areas cannot get the same, so —

The Chairperson: It is all to do with the representation that they receive from politicians.

Mrs D Kelly: Indeed.

Mr McMullan: We will not go into that now. Could councils now use the rural development programme to apply for funding to do up derelict buildings, and so on? I know that there are the village renewal schemes, but this is different from those. The village renewal schemes are different because the maximum is £50,000. Within the village renewal schemes, programmes are set out showing what they are going to do. This is a different one. I think that you know where I am coming from here. It would be a great asset to the rural area if the likes of this money could be spent, and it is another way of spending the money. Innovation is what we are talking about here.

Mrs Keegan: I will come back on those points quickly. I know that Gareth wants to jump in on one of them as well.

On your first point about RPA and the block on capital spending, like the last time, the transitional groups are obviously meeting, and we also meet directly with councils because we have the relationship from the last time. We kept that going. All sorts of issues are going to come up. We have seven clusters at the moment. For example, what might RPA bring about for the number of councils, what with the possibility of there being 11 councils? There are various things, and you are right. Your point is that we should not leave thinking about it too late, and we are not doing that. We are thinking about it.

I am not sure that I particularly thought about the block on capital spending of councils as regards match funding. We will take that into our thinking as well, but you are right to say that there is no point in doing it in the last six months.

The Chairperson: That is a very valid point, and a very good one.

Mrs Keegan: It is useful. I am not sure that I had particularly thought that through to that extent. We have difficulties with match funding anyway, as you say. Therefore, that is helpful. Thank you for that.

Gareth will respond about the loan fund.

Planning for diversification is always an issue. It is an issue in axis 3, and even in processing and marketing, because huge grants — up to £500,000 — are going to food processors.

Again, perhaps because of the adaptations that they are making, it requires planning permission, and the process is actually very slow. The whole process can be slow with processing and marketing grants, because you have business plans and are working with Invest NI. That is one of the things that I am looking at to see whether we can speed it up. What we have done with the Planning Service, certainly around axis 3, is put in place a liaison. If it looks like fairly straightforward planning for a programme for diversification, let us know whether there are difficulties. Try to talk to us and try to get it through. We have an operational working group set up with the planners. That is something that we will have to keep on with. Planning is difficult, and I am not trying to say that it is not, but at least we have lines of communication, which is a good thing.

Mr McMullan: Just on that, when Sammy Wilson was in charge of the environment portfolio, in reply to a question in the Assembly, he said that he would instruct the Planning Service to give applications in the rural development programme preferential treatment.

Mrs Keegan: He did.

Mr McMullan: Although the Minister was quite clear on that, that has not happened. What he instructed the Planning Service to do has not happened, because it is still hiding behind areas of outstanding natural beauty (AONBs), areas of special scientific interest (ASSIs), and all of that. It is not looking at the overall benefit to the rural community and the farming community when those processes are set up. After all, you cannot set up a business in the countryside under planning law if you are not farming, so the only way in which you can set it up is through diversification. Here we have an ideal opportunity to do that, and we are being denied it. That is holding the rural community back.

Mrs Keegan: Having worked in the Planning Service some years ago, I know that there are a lot of difficulties, although I am not seeing particular difficulties on my desk, so what you say is interesting. If there are examples of that, we can certainly look at them, because we do have the lines of communication set up between us and the planners. If there is anything that you want us to look at, we will be happy to do so.

Mr Evans: The Minister also met Minister Attwood in January, I think — I am trying to cast my memory back — and highlighted to him the fact that rural development and funding is important for rural communities and that planning should not be holding back applications. That was reiterated at that meeting.

Mrs Keegan: Do you want to talk about the loan fund?

Mr Evans: Yes. Unfortunately, the loan fund has EU moneys in it, and because of that, it cannot be used as a match for the rural development programme. If you go to the loan fund, you cannot come into the rural development programme, unfortunately.

Mr McMullan: Is that loan fund instead of going to the bank?

Mr Evans: My understanding — I cannot speak for Invest NI — is that it is for people, perhaps with start-up businesses, who may have difficulty getting a bank loan. They can go to that loan fund.

Mr McMullan: They can go to that loan fund instead of to a bank. That is interesting.

Mrs Keegan: I think that it is useful from that point of view.

Mr Evans: On the Portrush and Portstewart scenario —

Mr McMullan: I am hoping here.

The Chairperson: Are you not talking specifically about Bushmills?

Mr McMullan: If I am successful here, I will add Bushmills later on.

Mr Evans: Portstewart and Portrush both fall under the urban definition — that is my understanding — so they could never have got any money from rural development.

Mrs D Kelly: And rightly so.

Mr Evans: As regards the other areas, when the Minister announced her refocus in December, there were two arms to it. One was strategic projects and the other was to reassign moneys to measures that clusters may have thought were doing well. I know that several of the areas have now put more

money into village renewal. In the north-east, where you are from, one of the things that they wanted to do was to bring more villages under the umbrella of the village plans.

Mr McMullan: That would greatly depend on how much a council set aside in its budgets. They can only afford to do so many villages per year. They have the money set aside.

Mr Evans: It depends, because the village plans have two stages. The first is to draft the village plan. The village plan should be all-encompassing. It should not look at where the funding is coming from; rather, it should say what a village needs to get from here to there. That should include everything; environmental works or DOE road works.

I was at a GROW launch in Toome recently where the first phase involved virtual shop fronts, with Willie John McBride standing in a butcher's shop looking out at you. That is a good example of the sorts of things going on in village renewal.

Mr Irwin: I declare an interest as a member of SOAR. I am looking at figures of £14.6 million for projects and £7.6 million for administration under axis 3. One would shake their head in disgust but —

Many of us told the Department at the outset of the programme that there would be problems and that the procurement and red tape involved would put many people off. Those people who have been successful in receiving grant aid have told me that they would never go through the process again, especially those who received small amounts of £8,000, £10,000 or £15,000. The hoops that they have to jump through, in some cases to get small amounts of money, are absolutely ridiculous.

Gareth said that technical assistance of up to £5,000 was available. That is all very well, but I had one group that was successful for a very large project and was told that the Department would not pay the architect's fees because there was not a proper procurement process, even though the group had to get planning permission before it could apply. To me, that seems ridiculous. Those people could not apply for grant aid until they had planning permission. They went and got planning permission and were then told that the architect's fees would not be paid. Issues such as that seem ridiculous.

I have been involved in cases where questions had to go to the Department for clarification and where people got conflicting messages. In one case, I was told that the person who did the job was de-registered for VAT purposes, and that the VAT element could not be paid; so the people were going to lose £7,000 or £8,000. I was assured that that money could not be paid. However, when pressure was applied, the Department eventually changed its mind. How on earth do you expect representatives and applicants to be happy with the situation when the Department itself does not know the rules or changes its mind about them? That is a fact. I was assured that the fee could not be paid, but when the matter went further, it could be.

With regard to strategic projects, it seems to me that the Department is panicking and is demanding that local action groups put forward strategic projects even though there may be local action groups that will be able to spend their money. Although strategic projects may be all very well in the final analysis, they take away from the main focus of the programme, especially with regard to axis 3, which is business creation and farm diversification. To get rid of the money, it would seem as though the Department is almost happy to throw it any way.

The Department can blame local action groups, but those groups have worked very hard on the issues. The Department has dragged its feet year after year. It has been made very aware of the concerns over a number of years, and it now finds itself in almost a panic situation. Am I right in saying that the Department has demanded that local action groups put forward strategic projects and has given them a short time in which to do so? Is that not the case?

Mrs Keegan: I will maybe come back on that, Mr Irwin. I actually disagree with you. It is not a case of just throwing the money any way. The opposite is the case. With strategic projects of up to £1 million, this will be a way to —

Mr Irwin: — get rid of the money.

Mr Evans: Absolutely not.

Mrs Keegan: No, this money will go out to the rural community to benefit the rural community. The money is not being spent: I said that at the very beginning; and we all know that round the table. Money is being committed. It is being invested by letters of offer, but it does not seem to be getting from that stage to the stage of being spent on the ground and going into rural people's pockets. This is something we cannot ignore, and it is something that the Committee and others do not want to ignore, which is why you had your event.

What the Minister was trying to do was to establish whether there is another way to get the money out. Believe me, this was not an idea that just came out of the air. I am not saying that it came from local action groups that we talked to in the past, but we discussed the idea that this may be a better way of doing it. You are restricted to £50,000 or £250,000; so, why not open it out and let us do something that may have more of an impact on the ground? People are always, rightly, going to want to have the smaller projects, the start-up grants and everything else; but this is a way for projects to have a more lasting legacy. There may be something out there that costs £1 million, and it could be something that people can look back on and say that the local action group funded. Such funding may be in conjunction with the local council, which I think is a good thing. So, this is not panic; it is about trying to find another, perhaps better, way to do it.

The panic will happen if we get to the end of the programme and have spent only £22 million. I would be in a panic if that were to be the case in 2015; I admit that. However, at the moment, we are trying to find a way through. We are saying that if it is not happening, there are reasons for it. We all know that the economic downturn has been severe and that it is difficult to get match funding — commitments and letters of offer fall off the table. Being on LAGs, members will know that that happens. People sign their letters of offer and do not take things forward, or they may take only a bit forward. That is an issue for LAGs. So, what do they do? How do they deal with that? This is about trying to find a way to deal with that, along with the six measures.

You mentioned diversification and job creation. You are right: those are important, and they need to continue because that is what this is all about. Why can strategic projects not also bring about some sort of tourism or whatever it may be that can create jobs? I have to be honest. I disagree that there is a sense of panic: there is not. However, if we are in the same position in 2015, then, yes, I would be panicking.

Mr Irwin: Am I right in saying that the Department demanded that each action group bring forward strategic projects, even though some LAGs may be able to spend their money and are in line to do so?

Mrs Keegan: Gareth is keen to come in on that.

Mr Evans: Every year, we ask every group to develop an implementation plan for that year until the end of the programme. Those plans have to be realistic. We have to see that each group is going to achieve its end goal and that the seven add up to £100 million. At the minute, having gone through another year of low spend, we are at the point where we can no longer keep pushing the snow forward. It is starting to stack up in front of us. So, we need to do something to put in a foundation for the programme. That is where the idea of the strategic projects came from.

I can sit here and say that, under current levels of spend, it will be extremely difficult to achieve the target that we want. At the minute, groups need to spend £1.8 million every month for the next 35 months. Anybody that you talk to who has ever worked on any programme will say that £1.8 million is a lot. The purpose of the strategic projects is to try to underpin that, so that we can still do the microprojects, the microbusiness and the farm diversification.

Pauline mentioned the economic climate. The economic climate has absolutely killed farm diversification and microbusiness. It has really pushed down the number of people who are applying for match funding. That is nobody's fault. At the start, you said that the Department would blame

groups. The Department is not blaming anybody; this is just where we are at. It would be totally remiss of us and the groups if we were not to sit down and have a realistic look at where we are at. That is what was done at the end of the year, and part of the solution arrived at was the two-pronged approach — develop strategic projects and reallocate funds to the stronger measures, while allowing measures to continue to open where there are funds to do it.

Earlier, Dolores said about opening the calls. Some of the calls are delayed at the minute because we have a £31 million backlog of applications that need to be cleared. That is right across all seven areas. No area is any different, so we need to get those cleared.

Mr Clarke: So, there are delays? I did not get an answer earlier.

Mr Evans: DARD is not sitting on them. This is part of the process.

Mr Irwin: Finally, if there was no panic, why were LAGs given only a number of weeks to come up with strategic projects? They need to be given more time for that. They were given literally a number of weeks.

Mrs Keegan: The Minister made her announcement on 6 December 2011. This is 17 April 2012. What she said that officials would do, which is what we did, was to talk to LAGs about the strategic projects they might have. Some LAGs came up with very good, innovative projects. Most of them have done so. As we are in 2012, and 2015, as Lorraine has said, is where spend can be, there is no point in getting them to start in January 2015. So, we want to try to bring this about as quickly as we can, and so do the LAGs. I am not hearing from the LAGs — even though Dolores has said it — that they are suspicious. I am not hearing that. I might hear it on Thursday, when we meet them again directly.

Mrs D Kelly: Maybe they are frightened of you?

Mrs Keegan: Yes. Also the modification is useful, Chairman. You do not mind if Lorraine jumps in?

Mrs Lynas: I will add a little bit of context about the management of the whole financial plan. The rural development plan (RDP) is not just axis 3; it is worth £500 million overall. We can move money this year in the financial plan, and we have one last chance to do so next year. So, although we can spend until 2015, it is important to know where any shortfalls are going to be and be able to move the money at the last chance. It takes six months to get a modification through the Commission as well, not including the pre-negotiation that we may have with the Commission. It is a long time to get through that process.

The Chairperson: Last year, you moved money from axis 2 to axis 1.

Mrs Lynas: We did, as part of the Budget 2010 outcome. We looked again at the financial plan at that stage. At some point, we need to say that certain areas of the programme cannot spend and we need to decide where that money should go in order to be able to make that modification in a different axis and still allow time for the money to be spent. At the annual review, the Commission was quite clear: as the managing authority, we still have the role of ensuring that this financial plan is managed. LAGs need to be clear that, if they have made a commitment, they will need to show a spend against it. At some point, the line has to be drawn and we need to make decisions, as the managing authority, to be able to draw down all the euros.

The Chairperson: Just before I bring in Trevor Clarke, and he has been sitting very patiently, can I ask what the current spend level is on axes 1 and 2?

Mrs Lynas: Pauline would know better about the spend levels.

Mrs Keegan: I am not sure that I have that figures with me.

Mrs Lynas: We could probably supply the Committee with the figures.

The Chairperson: I know that axis 1 is £49 million.

Mrs Lynas: That is the overall allocation, roughly. And it is £180 million overall in axis 2.

Mrs Keegan: Yes. Sorry, Chair. Last year, we were saying about 2013 that our public service agreement (PSA) target was to make £45 million. Our investment in 2012 is £30 million in axis 1 and we are happy that we are going to make that investment.

In answer to one of your questions, I said that the processing and marketing grant scheme (PMG) can be slow because of the size of the grants. Having said that, we are opening for calls and taking forward the smaller projects on PMG as well. There is a wee bit of slowness in farm modernisation as well, but that is catching up, and claims are going out and are being paid.

The Chairperson: And then axis 2, which is the —

Mrs Lynas: Axis 2 is a bit different. It is made up of agri-environment and forestry. Certainly, I could supply the figures to you and let you know the spend on that, but it is largely on track.

Mrs Keegan: We will give you the figures, Chair, and I will just clarify those for axis 1 as well.

The Chairperson: Thank you. That is brilliant. I will bring Trevor in.

Mr Clarke: A lot of my points have been covered by other members. However, I heard something about how, if we wait much longer, it will be like pushing snow. I think that there was a lot of snow pushed in the first year and a half. It was not the fault of the groups at the start: it was the Department's fault that the money was not spent for 18 months. So, when we do get to the end, absolutely no blame should be attributed to the groups. The blame should be attributed to the Department because of the length of time it took it to get the programme implemented and help the groups get set up in order to get the money spent.

Gareth helped me there, slightly. Pauline's very long first answer was a long way of saying that there was a hold in the system. Gareth's last intervention clarified that there is a hold in the applications. My colleague talked about a change of direction.

The Chairperson: I will bring Gareth back in because there is a difference between delay in the calls being opened and delay in the letters of offer that have already been issued.

Mr Clarke: I did not mention letters of offer, Chairman. Groups have been prevented from opening for calls; they have been held up by the Department. If the Department does not let them open for calls, they cannot spend money. There is no other way of calling that other than that the Department is holding them up. If you want to clarify that, I am happy enough.

Mr Evans: The bottom line is that we are sitting with £31 million worth of applications. Those applications should be processed quickly and letters of offer should be sent out, or they should be taken to the point at which they have been processed.

Mr Clarke: That is a very good point.

Mr Evans: Once that is done, the first thing that you will see is the commitment across each of the seven areas. At the minute, it is very hard to judge, particularly with that lump of money. We have been working proactively on that list of backlogs with each group, seeing where each one is at and getting to the point at which we are fairly sure of the backlog picture in each area. If they want to open for calls, we are then letting them open for calls across the measures in which we know that there is still money to be committed.

Mr Clarke: That is a long way of saying that you are holding them up. I declare an interest as a member of Antrim Borough Council. I also sit on GROW South Antrim. Gareth spoke earlier about how the Department liaises with the LAGs and how it responds on the day on which something is given to it. There is frustration in GROW about the length of time that it takes the Department to reply when queries are raised. When they are raised, it is nearly like a game of tennis; the ball is batted back and forth. If we want to blame anyone, I blame the Department. It is a case of how it cannot do something as opposed to how it can. It uses no imagination to make things fit. It is nearly a case of how it can exclude someone. Although there may be £30 million for programmes, a more can-do attitude is needed from the Department. All of the people on the LAGs give their time freely, and they have an interest in their community, regardless of which group they are on. They are not opening up for applications just for hair-brained schemes. The problem that gets to me is the length of time that it takes the Department to deal with queries that are raised about applications. If the Department were more proactive, I suggest that £30 million would not be waiting to be spent; a lot of those applications would have gone through the system long ago.

Mr Evans: We do not sit and wait for phone calls; we are totally proactive. I have staff in each of the groups every single day in life. We clear every query that comes across the table. Some queries that we get are completely and utterly different. We have over 1,000 letters of offer out there. No more than a dozen cases have warranted an amount of investigation beyond the norm. I can think of three in your area, two of which definitely justified the investigation. The other one was just because it was so different and strange. Those are three particular projects that I can think of.

Mr Clarke: Are we talking about a specialist piece of equipment? You continually said no until, eventually, there was an intervention and somebody said yes. That was a fairly expensive piece of equipment. Was it a couple of hundred thousand pounds?

Mr Evans: No. We would not fund anything at a couple of hundred thousand pounds.

Mr Clarke: I cannot remember the figures. You are quick to mention a couple of particular projects. There was a particular one, and you kept saying no. Eventually, that turned to a yes. If we had a more can-do attitude, we could deliver more on the ground.

There is another one that I would like to come back on as well. I do not know which ones Gareth is responsible for. I do not attend all JCC meetings, but can we get a list from the different joint committees of the number of meetings on an annual basis that members of the Department attend?

The Chairperson: We will certainly try to find that out. Gareth, you talked about the letters of offer and the spend of £33 million that is out there at present. Not even in our wildest dreams are we going to hit the target of £110 million. With regard to keeping calls shut at present because of the underspend; is it the case that we are just being too conservative? Could we open it up? I know for sure that there are people who have just missed the last call, whether they are community groups or businesses, because they did not have their planning permission in place or through one thing or another. Those projects are being denied access to a call because of someone else not accepting a letter of offer.

Mr Evans: The delays that we are talking about are short delays; we are not talking about months on end. This is about working with the groups to get the letters of offer out, so that we actually get other projects moving along. Once we get to the point at which there is clear water in front of a group, we will say that it is OK to open calls and get more applications in. The other reality is that, in some areas, there are not a lot of applications left. The animation process is hard. Certainly, what we are saying to people is that, as they are clearing the backlog, they should start the animation process and go out and see if they can get interest among people.

Pauline mentioned the communications working group. We set up a working group at the start of a year. It is now taking forward a number of publicity projects. The first main bit of work will hopefully be the display at Balmoral, which we hope will invigorate a lot of people when they see it. We hope also that it will generate a level of interest. We did not have that opportunity last year, because we did not have enough projects. However, hopefully people will see that the programme is still open for

business. We are not saying that the programme is not open for business. We are trying to manage the application process and manage the finances. At this point, that is not an easy job.

Mrs Keegan: Because of the backlog, it can be difficult for local action groups to know just what they have to commit and what money they have to put into strategic projects or anywhere else. I know that the vice-Chairperson asked whether the process had an outcome. It would have an outcome, if everybody was clear about exactly what they had in front of them. We are practically at that point. I do not think that that is an issue. The implementation plans are in for most of the local action groups, with maybe one or two still outstanding. We are travelling down the road now for, hopefully, a better spend next year. And yes, we do have to have better spend; there is no doubt about that.

Mr Swann: Pauline, you said that we need to spend as quickly as we can. Where are we on rural broadband?

Mrs Keegan: On 6 December 2011, the Minister talked about the £5 million from the programme that she wants to commit to rural broadband. At the moment, we are talking to DETI, which, as you know, has responsibility for the policy on rural broadband. We are working with DETI on where cabinets would be placed in rural areas, what affect that is going to have, and so on. That work is ongoing. We are also looking at the tackling poverty scheme to see whether we can draw up a programme to help rural dwellers with the fees that have to be paid, a point that the Chair made at the last meeting. So, we practically have a business case drawn up, and we hope to maybe see some outcome.

Mr Swann: You have a business case on rural poverty. Rural broadband —

Mrs Keegan: Rural broadband will be in 2013, because that is what DETI is telling us. DETI says that it will be 2013 before it will be ready to do the sort of work that it wants to do with us. It is not going to happen this year; it will be next year.

Mr Swann: How does that affect the spend of LAGs and the drawing out of their central budget for broadband? I should have declared that I am a member of the north-east Antrim LAG.

Mrs Keegan: Again, I think that we have to look at what spend has happened with the LAGs. We have to talk to them about what role they can play in their areas to see where the gaps are. Various working groups have been set up to look at the gap analysis. People living, for example, in Crossgar will say —

Mr Swann: I am not talking about broadband; I am talking about the finance. If there is not going to be any spend until 2013, when is the £5 million going to be ticked?

Mrs Keegan: We are still working with DETI on the exact timing. We should be able to come back and talk to you about that a wee bit more fruitfully in a couple of months' time.

Mr Swann: So, is that £5 million broadband scheme on hold now and in the hands of DETI?

Mrs Keegan: It is in the hands of DETI in that it has the policy to take it forward. However, this is money that we want to be absolutely sure impacts on rural areas. So although it is in DETI's hands, it is also in ours to make sure that that happens.

Mr Swann: When will it actually be taken out of LAGs' budgets?

Mrs Keegan: That will probably be towards the end of this financial year. We have started the process of talking to LAGs about where the gaps are and what they would like to contribute towards closing them. That work is ongoing.

Mr Swann: But it will have to make up the £5 million.

Mrs Keegan: I should say that it may be £5 million to £6 million.

Mr Evans: There are a couple of other things also going on. The logon-ni project, which is funded through DETI, is working with the rural network to go out and work with community groups, farmers and small business to show them the broadband offering in their area. That is because there is a wee bit of a misconception that the only way that you can get broadband is to plug into the wall, when, for instance, the wireless network is increasingly available over the country. So, that is going on and the project is rolling out a number of events.

Mr Swann: Where are we with strategic projects, particularly in regard to authorisation through Europe?

Mrs Keegan: I will answer that in two parts. Local action groups have been identifying strategic projects over the past couple of months, but we are still going to put out a competitive call because that is the way that the programme works. That will happen at the beginning of May. We reckon that there is probably £13 million or £14 million-worth of strategic projects out there at the moment. The call may bring in a wee bit more. We are hoping to see around £20 million-worth of them. If you consider that we have an investment and letters of offer of up to about £50 million, that would add another £20 million, which would give us £70 million.

Lorraine will talk about the modification.

Mrs Lynas: We are hoping to submit a modification to the programme later this year, which will give the strategic project. We have a few minor amendments to make, but we have to submit a financial modification of some kind this year, so that will be much later in the year. As I said, the last one will be next year, and that will be our last chance to change the financial plan.

Mr Swann: Right. So are we making calls for strategic projects for which we have not yet got the go-ahead from Europe to enable us to deliver?

Mrs Keegan: We have talked to Europe about this. We have been to Brussels, talked to the officials involved and said what we plan to do. What we are really talking about here is moving the grant from £250,000 to £1 million. The answers that we are getting seem to be that that could be accepted, although a formal process has to be gone through.

Mr Swann: When will the EU formally tell the Department?

Mrs Keegan: The modification will go in, maybe around September, but a notification can be done.

Mrs Lynas: Yes, a notification can be done. In fact, for the strategic projects, apart from wording, very little change to the programme is to be made. That modification will go to the monitoring committee on 9 May.

Mr Swann: When will we receive word that we are OK?

Mrs Lynas: They usually reply within three months, because that is not a change to the financial plan. There is no change to the finances; it is just a change to the wording of the programme.

Mr Swann: So, will we be given the go ahead from Europe?

Mrs Lynas: You can proceed at risk once you —

Mr Swann: Proceed at risk?

Mrs Lynas: — submit you modification.

Mrs Keegan: That was the idea behind our talking to Europe. If Europe had said: "We don't like that. We don't really fancy what you are doing there", we would have known. However, as Lorraine said, essentially, this does not change the financial plan in the same way as would moving money from axis 1 to axis 2 and axis 2 to axis 3, which would be a big change to the financial plan. This is really just

changing a grant route, and we are being told by Europe that that seems fine, it seems to be a good way to spend your money. Europe is pretty much behind it. So, although "proceed at risk" sounds risky, it can happen and we are fairly sure that this is going to be fine.

Mr Swann: I am sorry Chair. Is it the case that we will receive the go-ahead from Europe in August or September that the strategic projects are OK, and that is the earliest that we will be able to get strategic projects up and running, but they will not know that they have got the finance or be able to go for planning or any authorisations until — when?

Mrs Keegan: No. If we put the call out at the beginning of May, all of these strategic projects have to fit criteria, which would include that the statutory approvals — planning and so on — are in place. That is one of the criteria that we sent the LAGs.

Essentially, we are saying that the projects have to be ready to hit the ground, have been given a bit of thought, will impact widely, and all those sorts of things. Statutory approvals are part of that and are one of the criteria.

Mr Swann: You will be expecting it to draw down money then for strategic projects?

Mr Evans: This financial year?

Mr Swann: Yes.

Mr Evans: Whenever the letters of offer go out, we will be putting in place phased payments to ensure that we get spend as quickly as possible through the projects.

Mrs Keegan: It is hard to tell, but letters of offer might go out in September or October.

Mr Swann: From the same budget, we will be drawing down money for strategic projects and rural broadband in the same financial year.

Mrs Keegan: We hope to draw down money for strategic projects in this financial year.

Mr Swann: And for rural broadband next year?

Mrs Keegan: Possibly, but probably in the next financial year.

Mrs D Kelly: On the village halls and their inclusion or lack thereof, I am reliably informed that it was the Rural Development Council (RDC) that established the criteria for the JCCs using Northern Ireland Statistics and Research Agency (NISRA) figures. Perhaps you will look at that, because there is a misconception among some members that JCCs cannot set their own criteria, if what you say is the case.

Mrs Keegan: Was the RDC working as the rural network in that case?

Mrs D Kelly: Presumably.

Mrs Keegan: The RDC is the rural network that goes out and works bottom-up with the local action groups from the grassroots, and we would have worked with it to set the criteria. I will check that out.

Mrs D Kelly: If that is the case, it ties the hands of some organisations.

The Chairperson: I thank the officials for their presentation. I have just one question about the mid-term evaluation that was promised, if I am right. Is that still a work in progress?

Mrs Keegan: The mid-term evaluation was completed in 2010.

The Chairperson: Was it not to be updated, though?

Mrs Lynas: Yes, the update is under way now. NISRA is carrying that out, and it is revisiting the performance of the programme to date and the original programme objectives and assessing whether they are still relevant. We expect a report around June. That is quite important in helping us to inform any modification that we make as well, because the Commission is very clear that we have to have a clear rationale for changing the programme or moving money about.

The Chairperson: Thank you very much for your time.