



Northern Ireland
Assembly

Committee for Agriculture and Rural
Development

OFFICIAL REPORT (Hansard)

October Monitoring Round: DARD Briefing

25 September 2012

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Paul Frew (Chairperson)
Mr Joe Byrne (Deputy Chairperson)
Mr Trevor Clarke
Mr Chris Hazzard
Mr William Irwin
Mr Declan McAleer
Mr Oliver McMullan
Mr Robin Swann

Witnesses:

Mrs Lynda Lowe	Department of Agriculture and Rural Development
Mr Jim McGuinness	Department of Agriculture and Rural Development
Mr Graeme Wilkinson	Department of Agriculture and Rural Development

The Chairperson: I welcome Graeme Wilkinson, assistant secretary; Jim McGuinness, accountant; and Lynda Lowe, deputy principal. I am sure you have a presentation for us before we go into questions. Graeme, are you leading off?

Mr Graeme Wilkinson (Department of Agriculture and Rural Development): I have some introductory comments.

The Chairperson: That is great, and then we will take it from there.

Mr Wilkinson: Thank you, Chair and members, for the opportunity to brief the Committee on the outcome of the Department's October monitoring round exercise. Before turning to the detail, it might be worth saying a few words about the process and, in particular, the next steps. The October monitoring round exercise commenced back in August, when the Department of Finance and Personnel (DFP) commissioned returns from Departments requesting details of any bids, easements and technical adjustments that the Department might have. That request was considered internally by the various business areas, and adjustments were identified. Those were subsequently reviewed by the senior management team and presented to the Minister for approval. Following the session today, the return will be passed to DFP, including a view from this Committee in respect of our proposals. Once DFP receives our return, it will be consolidated with those of other Departments and presented to the Executive. That is scheduled to be tabled at the Executive meeting on Thursday 18 October, with the Finance Minister making a statement to the Assembly on 23 October on the outcome of the monitoring round. Obviously, that timetable may be subject to any changes from DFP or the Executive.

As Members will be aware, this is the second monitoring round of the current financial year. As with last year, there will be a further monitoring round in January, which will be another opportunity to look at the Department's budget. As I mentioned, DFP requested reduced requirements, bids and any technical issues. Following our review, I can confirm that we have no reduced requirements to declare to DFP in this monitoring round.

TB compensation is a bid that we are putting forward, as you will have seen in the letter. We propose to submit a bid for £6.74 million in respect of TB compensation. Obviously, members will be aware of the importance of the TB compensation scheme in securing the valuable export market in livestock products, estimated to be worth about £1 billion per annum to the Northern Ireland economy, and also the Department's statutory requirement to adhere to the Tuberculosis Control Order (Northern Ireland) 1999. The Committee is aware of the long-standing funding deficit in respect of animal diseases compensation, and we propose to make the case to DFP that tackling animal disease is a statutory function that requires the necessary funding.

Funding for TB compensation to date has come from existing baseline allocations, internal reallocations from reduced requirements and successful bids to DFP. The baseline at the end of the June monitoring period for TB compensation this year is £9.3 million, which, obviously, gives rise to a pressure of £7.5 million. At the start of the year, we had a baseline of around £5 million. The action that we have taken in the Department has increased that to just over £9 million. The last time we were here, we discussed the additional receipts that we are now receiving from the EU in respect of the TB eradication scheme that we have introduced.

The Department has taken a number of other actions to bring the overall pressure down to £6.7 million. We can absorb that pressure internally, and we propose to submit that bid to DFP. I would, therefore, welcome the Committee's support for our bid for £6.7 million, which we propose to submit as part of the October monitoring round.

Finally, we propose to seek a reclassification of £1.78 million from resource to capital expenditure in this round in order to meet the Minister's commitment to the Rivers Agency in respect of flood alleviation. We also propose a realignment of central service group budgets in order that allocations and spend more accurately reflect the distribution of costs across the Department's groups and agencies. There is no overall impact on the budget; it is just a technical issue that needs to be resolved as part of this monitoring round.

Finally, I reiterate that we would welcome the Committee's support for our proposals, which will be incorporated into our return to DFP. That concludes my introductory comments. I am more than happy to take any questions that you may have.

The Chairperson: OK. Thank you very much for that, Graeme. I have a couple of questions about the TB compensation bid. How did the unsuccessful June bid fall down? What happened there?

Mr Wilkinson: As I said in my introductory comments, we had a baseline of £5 million, which has now been increased to £9 million with the additional receipts. As the Committee is aware through the research that it is undertaking, it is difficult to estimate the likely incidence of the disease in any particular year. It is very much about understanding what the current costs are.

In the current financial year, we have experienced increasing incidence of TB. Back in June, we had expected or estimated that around 11,000 cattle would come under the scheme. We now estimate that number to be in the region of 12,000, so you can see that, even from June to now, there is a large fluctuation. The correspondence with colleagues in DFP is very much about getting a proper and more accurate estimate of the total cost of the scheme and applying those funds to the Department so that it can stay within budget.

The Chairperson: What would happen if you were unsuccessful in this monitoring round?

Mr Wilkinson: We would bid for the finance again in the January monitoring round. We have a long-standing agreement with DFP in that the requirement for TB compensation will be met in-year. It is about getting a good handle on the cost and getting agreement with colleagues in DFP on the amount that it is going to be, and that it is not going to drop off or increase. It is about being able to accurately forecast the total cost of TB and making that adjustment at the appropriate time.

Perhaps June may have been too early in the financial year to make that judgement. We are now further through the financial year and we are getting a more accurate picture of what the total cost might be. If we are not successful in this monitoring round, we will put the bid forward in January, which is the last opportunity to have a bid met. I am confident that it will be met, if not in this round then definitely in the January monitoring round.

The Chairperson: You talked about your additional receipts from Europe. Is that the £5 million that you get from the eradication programme?

Mr Wilkinson: That is right.

The Chairperson: Does all that money go into compensation?

Mr Wilkinson: Yes. It is specifically identified for the TB scheme. It is approved by the EU, and that is what the funds are applied to.

The Chairperson: OK. Do members have any questions?

Mrs Dobson: The Chair has stolen my first question. I would be concerned, if you were unsuccessful, about the implications for farmers.

Mr Wilkinson: Jo-Anne, it is a statutory scheme, and we have to provide for it.

Mrs Dobson: I understand.

Mr Wilkinson: The concern at the moment is about how much the scheme will cost and about arriving at the right figure. I am confident that there will be no adverse impact on farmers.

Mrs Dobson: Graeme, can you give us some details of the internal relocation of the £756,000? Where has it come from?

Mr Wilkinson: It is made up of smaller amounts of money in the veterinary service that have become available and that we can apply to the TB scheme. They are small amounts from different budgets; things such as salaries, brucellosis compensation and other de minimis amounts of money that have been applied to that.

Mrs Dobson: Was the Department of Agriculture and Rural Development (DARD) able to overestimate its requirements in some areas and drastically underestimate in other areas?

Mr Wilkinson: No, I do not think that was our intention. We always set our financial plans at the start of the year, but they do not always turn out to be that way. They are small amounts of money that are coming out that we are applying to this scheme. They are not big amounts that we had not planned for.

Mrs Dobson: I think £756,000 is quite a sum.

Mr Wilkinson: It adds up to quite a lot, but it is small amounts of money from little bits within the veterinary service that go together to add up to a significant amount.

Mrs Dobson: Finally, can you give us details of the specific measures that you intend to undertake with the reallocated £1.785 million for the Rivers Agency? Why is there a specific figure of £1.785 million?

Mr Wilkinson: That is work that we have been doing with the Rivers Agency. As you will be aware, the Department is committed to doing work on flood alleviation. Some £1 million of that is going towards a flood alleviation scheme in Ballygawley that the Rivers Agency is taking forward. Around £800,000 is for plant, vehicles and machinery that the Rivers Agency needs to deliver the various flood alleviation schemes. So those two elements make up the £1.8 million.

Mrs Dobson: I have calculated that it is roughly 24% of your operational budget, excluding salaries and wages. Is that a shift from bureaucracy to delivering?

Mrs Lynda Lowe (Department of Agriculture and Rural Development): The salaries in the operational budget are drawn from programme money, whereas the money that is required for the Rivers Agency is capital. There are two different classifications of expenditure that the Department has available.

Mrs Dobson: OK. Do you believe that this is enough to deal effectively with the flooding incidents at the minute?

Mr Wilkinson: No. The £1.8 million is not going to deal with all the flooding incidents that we have. A programme of work over the next number of years is also included in the investment strategy. Therefore, there is a forward plan. The £1.8 million will help in all that and will help operationally to assist the Rivers Agency in the work that it is undertaking. However, the Rivers Agency has broader plans in place that will take a number of years to implement, and significantly more investment to take forward.

Mr Byrne: I welcome the statement and the presentation. In relation to the same issue that Jo-Anne has raised, is the £1.785 million extra for the Rivers Agency based on extra business that is hoped to be incurred in this year, or is it a limitation in the Rivers Agency that has to be addressed?

Mr Wilkinson: No, as I said to Jo-Anne, there are two particular elements making up the £1.8 million. Some £1 million of that is for the Ballygawley scheme, and the Rivers Agency is doing that specific programme of works. The other element is £800,000 for plant, vehicles and machinery, which enables other works to be done. That will be spent in the current financial year.

Mr Byrne: I appreciate that. I will ask the Rivers Agency for more information on that. Can the officials outline the current cost of the refit of mechanical and electrical equipment in Dundonald House? What is the likely budget outcome? Is there a contingency reserve for such a thing? I have heard that a figure of £1.5 million is needed for electrical and mechanical repairs. Can we be enlightened?

Mr Wilkinson: I do not have the details of the costs involved, Joe. Dundonald House is accommodation that is administered through DFP, so DFP is meeting the costs of that. However, we can take that question away and come back to the Committee with the costs involved in completing the work.

Mr Byrne: Thanks.

The Chairperson: So that will come out of a DFP budget rather than a DARD budget?

Mr Wilkinson: Yes.

The Chairperson: You will not have to bid for it.

Mr Wilkinson: No, it is a DFP-owned building.

The Chairperson: OK. Do members have any other questions?

Mr Clarke: On the £1 million aspect of the £1.8 million, when was the job at Ballygawley identified?

Mr Wilkinson: I am not sure of the timescales involved in that, but certainly I can come back to you. Maybe Lynda knows. It was quite recent.

Mr Clarke: So it supersedes some of the other incidents in which other parts of the Province were flooded? That one seems to have jumped in front of the rest and been prioritised to get an extra £1 million. I am sure that most of us are aware of other schemes in our own areas that are maybe down the priority list because they are waiting on funding becoming available. That is the point I am trying to make.

Mr Wilkinson: That is not the only project that the Rivers Agency is taking forward. Other works are ongoing.

Mr Clarke: It has found an extra £1 million for a project in Ballygawley. There are other projects across Northern Ireland. This one seems to have been pulled in front of the rest of them. That is why the bid for £1 million is being made.

Mr Wilkinson: Certainly there are limiting factors in the Rivers Agency's ability to actually carry out the various schemes. It is limited in the resources and manpower available to it.

Mr Clarke: I appreciate that. The point I am making is that other worthy schemes are waiting on money, manpower and capital. No bids have been made for those schemes, but a £1 million bid has been made for this particular project at Ballygawley.

The Chairperson: Are you happy enough?

Mr Clarke: Well, I am not happy.

The Chairperson: But happy enough that we move on.

Mr Clarke: Yes.

The Chairperson: I have a question on the third element of the bid, the software development costs. Again, if DFP owns a building and covers the cost for that, why can DFP not cover the costs that are to be incurred by Land and Property Services?

Mr Wilkinson: It is specifically for the land parcel identification system project. Given that it is for us to deliver that, it is our responsibility to fund that individual project. It will be a cost that falls to the Department of Agriculture and Rural Development.

The Chairperson: Are there any other occasions when money is transferred like that? There might well be, because I know you work closely with Land and Property Services.

Mr Wilkinson: There are occasions when money does transfer between Departments. You will be aware of the anti-poverty commitment that we have; we are transferring a broad range of funding to other Departments that are delivering elements of that programme on our behalf. There is a protocol in place to do that.

The Chairperson: It is a common thing.

Mr Wilkinson: Yes.

The Chairperson: OK. As there are no further questions, thank you very much for your attendance today and your explanation.

Mr Wilkinson: Just to clarify, is the Committee content to support the proposals that were put forward?

The Chairperson: I will put that to the Committee. Are members content?

Members indicated assent.

The Chairperson: Thank you very much.