



Northern Ireland
Assembly

Committee for Agriculture and Rural
Development

OFFICIAL REPORT (Hansard)

DARD Business Plan 2013-14

9 April 2013

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 Thomas Buchanan
Mr Chris Hazzard
Mr William Irwin
Mr Oliver McMullan

Witnesses:

Mr Tom Rodgers	Department of Agriculture and Rural Development
Mr Graeme Wilkinson	Department of Agriculture and Rural Development

The Chairperson: I welcome Graeme Wilkinson, who is a grade 5 assistant secretary, and Tom Rodgers, who is a grade 7 principal officer in the Department of Agriculture and Rural Development (DARD). Gentlemen, as always, you are very welcome to the Committee; you are no strangers to it. I thank you very much for your attendance here today. Graeme, I assume that you are leading off with a presentation, and we will go straight into questions after that.

Mr Graeme Wilkinson (Department of Agriculture and Rural Development): I will make just a few comments. Chair and members, thank you for the opportunity to present the Department's business plan for the 2013-14 financial year. The draft plan has been agreed by the departmental board and the Minister. As you mentioned, Chair, I am accompanied by Tom Rodgers from my division, who has assisted with the co-ordination and development of the plan. Hopefully, members will have had an opportunity to review the plan, and I am sure that you will have questions that Tom and I will be happy to address, either today or in subsequent correspondence. As well as addressing any questions or queries that you may have, we are interested in any feedback on the targets that are in the plan. As I mentioned on previous occasions, we are interested in improving our business planning process on both identifiable and measurable targets and by ensuring that the targets are meaningful to the general public. As key stakeholders in this process, your views would be greatly appreciated.

By way of introduction, I thought that it would be beneficial to provide an overview of the process before outlining the key elements in the 2013-14 plan. As in previous years, the starting point for the business plan was to develop a comprehensive corporate balanced scorecard. That was developed using the four key quadrants, which are customer, processes, finance and organisation. Using that template, we critically assessed the targets that were used in the 2012-13 plan, as well as the relevant year 2 milestones that were in the Programme for Government and the Northern Ireland economic strategy. The Department's strategy board reviewed the initial draft plan, which was circulated throughout the Department for consideration and agreement. The detail that is in the corporate scorecard reflects all the Department's key business issues, and, as a consequence, the targets are

both inward-facing and outward-facing. Each target has been assigned a senior responsible owner, who is at grade 5 level. Having developed the scorecard, the strategy board identified the relevant targets that are to be extracted for inclusion in the business plan, which is being presented today.

Members will note that the plan's structure is similar to previous years, but we have included the vision, aims and strategic goals as set out in the Department's 2020 strategic plan. Those are detailed in pages 4 and 5 of the document, while pages 6 and 7 provide more context on some of the challenges that we face over the next 12 months. That section has been included to provide the reader with an overview of the varied challenges that the Department is currently dealing with. That is important, because looking at the targets in isolation does not identify the complexity of the environment. I am sure that members will appreciate that that section could have been much longer and more detailed, but it is necessary to be proportionate to aid understanding in presenting the Department's business plan. In the interests of time, I do not propose to go into detail on the individual challenges, but I am happy to address any questions or queries that you may have.

As well as understanding the challenges, we have included a new section detailing the delivery mechanisms that are available to the Department. Those are set out at page 8 of the document. That section recognises the vital role that our partners, including our arm's-length bodies, play in delivering services on behalf of the Department and in assisting many sections of the agriculture industry. I understand that the Committee will also be receiving a separate briefing from the Department's two executive agencies, Rivers Agency and Forest Service, on their business plans.

Pages 9 through to 11 set out the individual targets for the 2013-14 year. In summary, there are 28 targets, each under the five strategic goals. Again, I am happy to take any comments or observations that members may have on those. The Committee will note that the target to open a third tranche of the manure efficiency technology scheme by 31 March 2014 under goal 4 is still provisional at this stage and is subject to clarification on state aid cover.

For monitoring progress against the plan, members will be aware of the new style of report that was introduced during the previous financial year. I intend to use the same template in 2013-14 to report to the departmental board and the Minister on the periods ended September, December and March. If members are content, I will propose to present the same report to this Committee.

That concludes my introductory comments. Tom and I are happy to respond to questions. As you will appreciate, I am not able to provide detailed answers on the Department's schemes and programmes. However, where clarification is necessary, I will ensure that it is actioned.

The Chairperson: Thank you very much, Graeme, for your presentation. We will go straight into questions. We appreciate that there was a change in style a number of years ago and that that has stuck this year. It is easy to read, and I feel that there is no issue with that. As always, the devil is in the detail. The first difference from last year is the better regulation target, which was target 7 last year. Its aim was to:

"reduce the administrative burden on the agri-food sector by 25% by 31 March 2013".

We have been through this, but we have not met that target or got anywhere near it. It is not in the new business plan, so is it a case of trying to forget about it and let it go and hope that nobody notices? How will you manage to make that change, which is badly needed in the industry?

Mr Wilkinson: The first point to make is that we have not forgotten about it. As I said in my introductory comments, we have developed a corporate balanced scorecard that covers all the work that the Department does. A lot of those targets are inward-facing, and our focus on better regulation is about making sure that we complete the exercise to 31 March 2013. That is about understanding the outcome against the 25% target, and that is the first action that we have identified to take forward. The second action is to develop new initiatives, and that will be completed by 31 March 2014. So, we have not forgotten about it.

It is also important to recognise that we are just about to embark on the whole CAP reform process. That will change the shape of many of the programmes that we will deliver to our customers. It is probably a more appropriate time to benchmark and understand the level of administration that our customers require, to understand the art of what is possible and to set a target then.

The Chairperson: I am sure that other members will want to raise better regulation and how the administrative burden on the industry seems to be going the other way rather than reducing. It is not all the Department's fault, because we have crisis upon crisis here, and, whether we like it or not, that all leads to administration.

You talked about an inward-looking objective. Is that clearly demonstrated in the business plan? Is it there to see? Is it tangible? Is it there to be measured and compared so that we can scrutinise the Department's performance?

Mr Wilkinson: The focus in our business plan had been on those outward-facing targets, and the actions that we have developed are in the corporate balanced scorecard, which the departmental board monitors. Given that those two targets are inward-facing, they are not in our business plan. We are happy to share our corporate balanced scorecard with the Committee for information so that you can see that those targets are there and that we are taking action against them.

Mr Tom Rodgers (Department of Agriculture and Rural Development): I should say that the departmental board regularly reviews the scorecard targets, which incorporate the plan's inward-facing and the outward-facing targets. However, that review is at board level. Inward-facing targets are not part of what would come to the Committee. However, in the strategic issues section of the plan, we refer under digital services to the generality of simplifying the processes and procedures that are associated with the administration of the schemes for our customers. So, there is a commitment under strategic issues. However, because that specific target is an internal process target, it is in the scorecard and is monitored at board level.

The Chairperson: Can this Committee still scrutinise it?

Mr T Rodgers: As Graeme says, we can share the scorecard with you.

The Chairperson: Can you share all your inward-looking targets with us?

Mr Wilkinson: Those are in the balanced scorecard, which we are happy to share with you.

The Chairperson: OK, that would be good.

Mr Wilkinson: The scorecard includes some 50 targets in total, of which about 28 are extracted for the business plan.

The Chairperson: OK. That leads on to my next question, which you may have answered in part. It is about target 3, which is to:

"Enhance animal, fish and plant health and animal welfare on an all Ireland basis".

Last year, there were 10 targets, but now there are seven. The three that are missing are: Aujeszky's disease; bovine viral diarrhoea; and support to councils in the first year of their enforcement role in the welfare of animals. Where have those goals and targets gone? Sorry, to be clear, they are targets. Are they are not needed now? I seriously doubt that. Even with the third target, we know that there are still issues with the councils' support for animal welfare. So, I suppose that my question is: where are they?

Mr T Rodgers: The Aujeszky's disease issue has been resolved, obviously. It was very relevant to the year that has just ended. A full out-turn report will be presented to the Committee on all the 2012-13 targets on 28 May. We will be able to define in more detail the outcome against each of those targets.

The commitment to work with the councils is a target that will still sit with that particular business area. That is because the business planning process is hierarchical. So, that business area will be picking that up as a process-type target that is down a level, if you like, but still very much on senior management's radar for monitoring. However, it is simply not quite the issue for 2013-14 that it was for 2012-13, so it is not elevated to the actual departmental plan.

The Chairperson: OK.

Mr Wilkinson: One of the things that we have tried to do is to make the targets as strategic as possible. We could have a huge number of targets, but that would be very laborious and difficult to monitor. So, it is about making sure that the targets sit at the right level and that we do not include absolutely everything.

The Chairperson: I certainly take that point.

I refer you to the section on DARD resources, which is on page 19 of the business plan. Can you just explain to me all the lines in table 1? Excuse my ignorance. It is the section on DARD 2013-14 resource allocation. I take it that the figure for administration is £40 million, or £40.8 million. I see the lines that discuss admin receipts and other resource. Can you explain to me what that is and then explain the other resource receipts? It looks to me like money coming in and then money going out.

Mr Wilkinson: The large bulk of that is the single farm payment. Some £319 million is coming in, and the largest part of that is made up of the single farm payment, which the EU funds. That is the EU receipt coming in against that. However, it also includes other funding that we receive from the EU for other elements of the rural development programme. So, the £477 million will be all the grants and payments that we make. The admin line, which is the £40 million, is the staff in the Department who are involved in the administrative aspects of the Department's work. So, broadly, that is that. It is at a very high level.

The Chairperson: It is at a high level. The European money is coming in for you to administer out. There is the difference, there, of — if I can get my figures straight — approximately £60 million. Is that right? Am I reading that correctly? That is the difference between those two figures on other resource and other resource receipts. Sorry, no; it is £160 million. I nearly lost £100 million there.

Mr Byrne: We lose £100 million to the EU in fines.

The Chairperson: Who is on £100 million to the European Union? Can you explain the difference to me? What is the difference?

Mr Wilkinson: Co-financing is required for a lot of our programmes, whereby the EU funds part of a programme and we are then required to put in national funding. There are also other things. Staff are involved in delivering the programmes, and their salaries are recorded against that as well. So, there is a multitude of other things in that. I can provide more information and a more detailed breakdown on the figures, if that would be helpful.

The Chairperson: Only if it is easy enough to provide; I would not want to give you any more work. I just picked that up, and I thought that it would be good to ask a question about it.

Mr Byrne: Again, I welcome the presentation from Graeme and Tom.

Under strategic goal 4, it states:

"Maintain at least 23,000 hectares of environmentally designated land under agri-environment agreement."

What is the current hectarage that is designated as such?

Mr T Rodgers: My understanding is that the current level is around that figure, but I would have to come back and confirm the precise figure. This is about maintaining that hectarage. Bearing in mind that these agreements have a lifespan and that they come to an end, it is important that others come in to replace them and that the hectarage is maintained. My understanding is that the level is presently around that 23,000 level.

Mr Byrne: That is the reason why I asked that question. Are we setting an easy or a brave target?

Mr T Rodgers: All targets should be challenging but achievable with a fair wind. Given the funding difficulties, I think that the task is ensuring that, when you lose an agrienvironment agreement, you

bring in a replacement to maintain the hectare level. That is a challenge in itself in the present economic climate.

Mr Byrne: I think that it would be good if we got clarification on what targets have been set over a number of years to see whether we are on track or being modest.

Mr Wilkinson: I think that that is a new target this year; is it not?

Mr T Rodgers: Yes, this is a new one this year.

Mr Byrne: Strategic goal 5 is:

"Manage our business and deliver services to our customers".

Am I right in saying that yours is the only Department that can budget for perceived fines? Given that we may have accumulated over £95 million in the past seven years, how does that fit in with making the Department more effective and efficient? You can look at the section that reads:

"Further reduce the risk of future EU financial correction".

Mr Wilkinson: Yes. I think that the objective of that goal is to progress the land parcel identification system project and the work that has been undertaken to make sure that we are in compliance with EU regulations. As you quite rightly say, the disallowance and the financial penalties that we incur have a constraining impact on our resources. It is important to reflect the work that is being undertaken on that project to ensure that we mitigate the risk of disallowance and address the concerns that the EU has raised. It is an important piece of work, so that is why it is in our business plan. We will be reporting back on that.

Mr Byrne: I accept that it is an important piece of work all right. However, am I right in saying that yours is the only Department that can make provision in the budget allocation to cover expected fines? Does that mean that we are living beyond our means?

Mr Wilkinson: I am not sure, Joe, how other Departments deal with financial corrections.

Mr Byrne: Under strategic goal 5, it states:

"Deliver Year 3 Savings Delivery Plans of £11.952m."

Where does that fit in to an overall savings plan scheme? Is that a one-off?

Mr Wilkinson: If you recall, we set out plans for almost £40 million over the four-year Budget period. We have achieved our targets in each of the years. I have to come back to the Committee to report on the progress against the savings delivery plans. That is the year 3 element, and it is part of a broader savings delivery package that was agreed as part of the Budget 2010 process.

Mr Byrne: Where do you envisage getting that £11.9 million from?

Mr Wilkinson: We established that at the very start of the budget-setting process. So, there is a whole series of measures. I think that 52 measures are in that, and they have been taken from the individual business areas' budgets. So, those savings have already been taken out of the baseline. I can provide more information on the detail of those 52 measures if that is helpful.

Mr McMullan: Goal 5 aims to:

"Continue to explore new opportunities for joint procurement with the South."

Can you expand a wee bit on that?

Mr Wilkinson: We have been engaging with Central Procurement Directorate (CPD) on that, and we are trying to understand where efficiencies can be realised through better procurement. I know that the Veterinary Service has done a joint procurement, which has been very successful. It is about

trying to understand where there are efficiencies and better procurement measures. However, that process is in the very early stages, and I need to explore it in more detail with our colleagues in CPD.

Mr McMullan: Have targets been set for other Departments to work jointly with you on the rural White Paper? How do we monitor the other Departments to ensure that they fulfil their obligations?

Mr Wilkinson: I understand that governance arrangements have been put in place and that the Department is monitoring that very closely to ensure that people actually do what they signed up to do. As you know, there are lots of tasks in the rural White Paper for other agencies and Departments to do, and our role is very much about overseeing that and ensuring that it is done. We also put in actions where there is slippage to make sure that that is recovered.

Mr McMullan: Will that be published?

Mr T Rodgers: It is a progress report that is due on 30 September 2013, and we included it one of our targets under goal 2. Therefore, as a result of that, the progress will become transparent.

Mr Irwin: Are we running behind with target 1 and the actions that the Agri-Food Strategy Board identified should be in place by March 2013?

Mr Wilkinson: My understanding is that there has been a little bit of slippage, in that it is currently finalising the report. It had intended to have it by 31 March.

Mr T Rodgers: The latest on that is that the report is being finalised for submission to the Agriculture Minister and the Minister of Enterprise, Trade and Investment by the end of April. It was hoped that that would have been in place by the end of March, Mr Irwin, so there is a three- to four-week delay on it.

Mr Irwin: That is OK. I am looking forward to it.

The Chairperson: There is a briefing on 21 May. Are there any other questions?

Thank you very much, gentlemen, for your time. I appreciate your attendance at the Committee and that you answered our questions.