

Standardised Committee Scrutiny: Assembly Statutory Committees engaging on forthcoming Executive Budget 2020-21 - Departmental Template

This template aims to secure Departmental information and data relating to the Draft/Executive Budget 2020-21, to inform Assembly statutory committees' ongoing budget scrutiny. It seeks to increase committees' knowledge and understanding of:

- Departmental Budget Adjustments 2019-20 (Part A of this template); and,
- Departmental Budgetary Requirements and Revenue Estimates 2020-21 (Part B of this template).

Data from both years are required given the January 2020 return of devolved government after a three-year political hiatus in Northern Ireland, followed by the UK Chancellor's late 2019-20 Barnett Consequentials and his 11 March 2020 Budget Statement 2020-21, occurring much later than usual. These factors¹, alongside rapid ever-changing developments due to COVID-19, have resulted in a compressed indicative timeline for Executive Budget 2020-21.

Departmental responses provided on this template will serve to inform Assembly committee scrutiny going forward, for the forthcoming budget year and thereafter.

Please complete this template and return to the relevant Assembly Committee Clerk by **15 April 2020**. If you require any further information regarding this exercise, please contact that Clerk.

Fully complete Part A and Part B of this template. Inadequate responses may result in follow up questions from the relevant committee.

DEPARTMENT:

Department of Agriculture, Environment and Rural Affairs

OFFICIAL NAME AND TITLE:

Roger Downey – Finance Director

DATE:

10 April 2020

¹ These factors are expanded upon in RaSe Briefing Paper [NIAR 15-20](#), dated 18 February 2020

PART A: RETURN OF FULLY FUNCTIONING ASSEMBLY: CATCHING UP

Part A focuses on the timeframe 2019-20. It seeks to gather information regarding Departmental Budget Adjustments that occurred in 2019-20. In the first instance, Question 1.1 seeks to quantify those budget adjustments. Questions 1.2 (a) to (c) then focuses on unpicking funding allocations and surrenders, which occurred during 2019-20, at the spending area level.

1. DEPARTMENTAL BUDGET ADJUSTMENTS 2019-20

1.1. Departmental Budget Baseline Overview of: Net Resource Requirement; Net Cash Requirement and Accruing Resources for the Main Estimate 2019-20; Spring Supplementary Estimates 2019-20; and, any subsequent Adjustments:

The purpose of the below table is to provide an overview of the Adjustments between the Main Estimate 2019-20 and the Spring Supplementary Estimates 2019-20. This is to enable the Assembly to track such information.

Further analysis of Adjustments to Resource Requirements and Capital Requirements will follow in questions 1.2 (a-c).

	Main Estimate 2019-20 £m	Spring Supplementary Estimates 2019-20 £m	2019-20 Adjustments £m
Net Resource Requirement	340.7	330.2	(10.5)
Net Cash Requirement	325.3	300.6	(24.7)
Accruing Resources	411.2	402.1	(9.1)
Non Operating Accruing Resources	0	0.3	0.3

1.2. Breakdown of Expenditure Reallocations and Surrenders in 2019-20

Questions 1.2 (a-c) aim to glean an understanding of funds - meaning funding and borrowing - that was estimated in the Main Estimate 2019-20, and then later reallocated or surrendered.

These questions aim to encapsulate funding at the spending area level, and should specify, for example: Block vs. Non-Block; Ring Fenced vs. Non-Ring Fenced; and or, EU Match Funded.

1.2.a. **Additional funding allocations** received as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

Fictional examples have been given below to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Extend box if required.

(i) Resource Departmental Expenditure Limits (RDEL) 2019-20 (Block Grant, including Barnett Consequentials)

EU Exit Costs- £5m: Funding towards Staff costs to support activities to prepare for the exit from the European Union (in preparation for Exit on 31 October).

Employers Pension Contributions - £4.4m: Funding towards the increased costs of employers' pension contributions due to an increase in employers' contribution rate of some 6% with effect from April 2019.

EU Exit - No Deal Preparedness Costs - £5.9m: Funding towards preparation of exiting the EU on a "No Deal" basis on 31 October. This funding was to fund staff costs in the areas of trade, inspection, Legislation and Policy (£4.9m) and local council environmental health staff costs (£1.0m).

(ii) Capital Departmental Expenditure Limits (CDEL) 2019-20 (excluding FTC)

Satellite Imagery - £0.1m: Small Business Research Initiative funding for Satellite Imagery

(iii) Annually Managed Expenditure (AME) 2019-20

N/A

1.2.b. **Funding surrendered** as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Extend box if required.

(i) Resource Departmental Expenditure Limits (RDEL) 2019-20
(Block Grant, including Barnett Consequentials)

EU Exit - £2.9m: The level of EU Exit funding was based on an EU Exit on the 31 October. However, the delay until exit on 31 January resulted in a reduced requirement mainly on staffing levels in respect of Day 1 readiness and export health certification.

TB Compensation - £2.6m: A number of Veterinary staff who would usually be working as part of the TB Programme were redeployed to Brexit duties for a period of time. This combined with decline in the incident rate from its peak in November 2017 of 9.61% to 7.98% in October 2019 resulted in a reduced requirement in the TB Compensation.

Additional receipts - £1.7m: Generated in-year mainly due to:

- Increased regulatory income associated with the cost of regulating activities in order to prevent, monitor and control pollution of the air, land and water;
- Increased Forest Service income; and
- Unanticipated recoveries of grants paid to farmers.

Rural Development Programme - £1.5m: The Department has been able to maximise the drawdown of additional EU funding which reduces the national funding required. This is mainly around the technical assistance elements of the Farm Business Improvement Scheme and the Environmental Farming Scheme which are part of the Rural Development Programme 2014-2020.

CAP Disallowance - £1.5m: Reduced requirement due to DAERA's compliance with EU schemes and regulations.

Central Services Running Costs - £1.5m: DAERA reduced running costs in-year due to a willingness to adapt to new ways of working and maximising the use digital enhancements. This is part of an ongoing programme to drive out efficiencies in-year for forward years.

Flooding in the North West - £0.3m: This was due to programme slippage caused by delays in Loughs Agency appointing a contractor.

(ii) Capital Departmental Expenditure Limits (CDEL) 2019-20
(excluding FTC)

Waste Management Grants - £2.7m: Programme slippage to 2020-21.

Rural Development Programme - £0.9m: Fewer claims than anticipated on Tier 2 and a timing delay on the proposals for Tier 1 Tranche 3 of the Farm Business Improvement Scheme.

Accommodation (Estates Transformation) - £0.4m: De minimis programme slippage to 2020-21.

(iii) Annually Managed Expenditure (AME) 2019-20

N/A

1.2.c. **Non-Block Allocations**

Provide a breakdown of Non-Block Allocations received and Surrendered as part of the 2019-20 in-year monitoring round process. Indicate the funding source (including name and type), the timeframe associated with the funding, the amount of the funding (both amount available and amount used), and then an explanation of any monies not used.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below).

Indicate non-applicable where necessary.

Funding Source (Name and Type)	Timeframe	Amount		If amount used is <u>less</u> than amount available provide an explanation below: (indicate if funds were surrendered or reallocated within department)
		£m available	£m used	
<p>Name: INTERREG – RESOURCE</p> <p>INTERREG – CAPITAL</p> <p><input type="checkbox"/> Ring-Fenced <input type="checkbox"/> EU Match Funded</p>	<p>2019-20</p>	<p>£1.0m Nat £5.5m EU</p> <p>£0.2m Nat £1.0m EU</p>	<p>£0.6m Nat £3.6m EU</p> <p>£0.6m Nat £3.0m EU</p>	<p>Available represents opening budget position and used represents closing budget position. On Resource there was a de minimis surrender of £0.4m and on Capital there was an additional allocation of £0.4m. DAERA is the Accountable Department for the Environment priority area of the INTERREG VA Programme and nine projects have been approved for funding by the Programme Monitoring Committee managed by SEUPB.</p>

PART B: DEPARTMENTAL BUDGETARY REQUIREMENTS AND REVENUE ESTIMATES 2020-21

Part B focuses on the timeframe 2020-21 and seeks to gather information regarding upcoming Departmental Budgetary Requirements. Question 2.1 gleans information regarding Resource budgetary requirements, while Question 2.2 focuses on Capital budgetary requirements. Question 3.1 then asks for information on estimated department revenue; and Question 4 allows respondents to leave additional commentary.

2.1. RESOURCE DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.1.a. Please provide a breakdown of Departmental Resource Pressures at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to, for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Type of Funding (e.g. RDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions² have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

Inescapable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
EU Exit Staff Costs	Additional staff required to prepare for and following the Exit from the EU.	23.6	RDEL Block Non-Ringfenced
EU Replacement Funding	Replacement Funding following the EU Exit the majority of which (£293m) relates to CAP Pillar I.	310.6	RDEL Block Non-Ringfenced
Pay Inflation	Relates to increased pay costs associated with anticipated 2020-21 pay uplifts and inflationary increases	3.1	RDEL Block Non-Ringfenced

² Definitions used throughout Part B taken from Department for Finance and Personnel “2012-13 Monitoring Bids”, unpublished template.

Mobuoy Remediation Project	Relates to remediation costs for illegal waste site in the North West including groundwater monitoring, design, consultancy and engineered site trials.	0.9	RDEL Block Non-Ringfenced
Tackling Rural Poverty and Social Isolation Programme (TRPSI)	TRPSI was previously funded from Confidence and Supply arrangements. This Programme covers a range of initiatives that are needed in rural areas to support community development and cohesion; develop youth entrepreneurial and employment opportunities; provide equitable transport opportunities; access to health services; assist farmers and support positive mental and physical health.	2.5	RDEL Block Non-Ringfenced
Strategic Environmental Programmes (SEP)	The SEPs plan to fund a suite of targeted and landscape scale measures to address climate change, ecological emergencies and the key environmental pressures affecting the natural environment and its ability to deliver ecosystems services and nature-based solutions to climate change.	3.0	RDEL Block Non-Ringfenced
Operational Costs Across Ageing Estate	The Department's estate and assets cover an area of approximately 85,000 hectares and comprise of over 900 buildings across 243 sites throughout Northern Ireland employing over 2,800 staff. The additional funding would help ensure that all existing legal and contractual commitments are met as well as mitigating health and safety risks to our staff. The funding would also minimise the risk of breakdowns which would impact on business continuity and service delivery.	3.3	RDEL Block Non-Ringfenced
INTERREG	DAERA is the Accountable Department for the Environment priority area of the INTERREG VA Programme and nine projects have been approved for funding by the Programme Monitoring Committee managed by SEUPB.	0.9	RDEL – Non Block-Ringfenced
Total Pressures		347.9	

Pre-committed: This category covers those Pressures relating to a situation where the Executive has already taken prior decisions, through an alternative decision making process.

Pre-committed Pressure	Explanation of Pressure	2020-21 £m	Funding Source
	N/A		

Total Pressures			

High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Bovine TB Eradication Strategy	<p>In December 2016, the TB Strategic Partnership Group (TBSPG) published its Strategy and Implementation Action Plan which aimed to provide a comprehensive and practical long-term TB Eradication Strategy. Whilst it is recognised that funding an eradication strategy would cost more in the short to medium term, there is an 'invest to save' potential with this project as it would ultimately reduce the costs to taxpayers and farmers.</p> <p>It should also be noted that this investment will assist in ensuring that we continue to have market access for our animals and animal products post Brexit.</p> <p>The current incidence of bovine tuberculosis in the cattle herd, should it persist, could become a barrier to trade and therefore it is essential that we begin to work towards eradication now.</p>	1.4	RDEL Block Non-Ringfenced
Climate Change (NDNA)	<p>Additional staff required for the development of new Climate Change legislation, associated policies and strategies and ultimately the operational delivery including IT.</p> <p>Assist in addressing the immediate and longer term impacts of climate change.</p> <p>Scoping study for the creation of an Independent Environmental Protection Agency.</p> <p>Light Detection and Ranging (LIDAR) survey of the Northern Ireland coastline to assess the risks of climate change (storms and sea level rise) to coastal communities, assets and marine protected areas.</p>	2.2	RDEL Block Non-Ringfenced

	Projects to help address the problem of marine plastic pollution.		
Total Pressures		3.6	

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

Desirable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
	N/A		
Total Pressures			

2.2. CAPITAL DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.2.a. Please provide a breakdown of Departmental Capital Pressures, at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Funding type (e.g. CDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

Inescapable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
RDP (LEADER & Forestry)	LEADER aims to implement schemes such as Rural Business Investment, Rural Basic Services and Village Renewal. The Programme is delivered by Local Action Groups with the assistance of local councils.	10.8	CDEL Block Non-ringfenced

	The Forestry scheme encourages woodland creation.		
Digital Transformation	This would enable DAERA to deliver essential IT services and digital capability to support established programmes as well as its three year Digital Transformation Programme	14.3	CDEL Block Non-ringfenced
AFBI Research & Development (R&D)	Since 2015-16 AFBI has been able to score all R&D staff and operating costs as well as associated income as Capital instead of Resource. This reflects the requirements in these areas.	16.2	CDEL Block Non-ringfenced
Collaborative & Other Research	This R&D supports collaboration with government funders from other regions and countries to effectively lever additional scientific expertise, thereby increasing the research capacity available for the Department to meet its needs.	3.4	CDEL Block Non-ringfenced
NIFAIS	This funding is required for the projected costs in the NIFAIS contract, the APHIS Supplemental Agreement and programme staff salaries.	2.3	CDEL Block Non-ringfenced
Total Pressures		47.0	

Pre-committed: This category covers those Pressures relating to a situation where the Executive has already taken prior decisions, through an alternative decision making process.

Pre-committed Pressure	Explanation of Pressure	2020-21 £m	Funding Source
RDP (EFS & Rural Tourism)	The EFS funding would allow the rollout out of the next tranche of the scheme to carry out activities to bring environmental benefits to farms. The Rural Tourism scheme is delivered with applicant councils with a view to increasing the number of out of state tourists across the province	6.3	CDEL Block Non-ringfenced
RDP – Farm Business Improvement Scheme	This funding allows taking forward a further three tranches of Tier 1 as well as the second tranche of Tier 2 of the FBIS scheme.	9.7	CDEL Block Non-ringfenced
INTERREG	DAERA is the Accountable Department for the Environment priority area of the INTERREG VA Programme and nine projects have been approved for funding by the Programme Monitoring Committee managed by SEUPB.	1.1	CDEL – Non Block-Ringfenced

Total Pressures	17.1	
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High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Bids submitted as part of Budget 2020-21 and New Decade, New Approach - January 2020			
TRPSI	This would support a range of capital investments in rural areas to support community development and cohesion, revitalise and regenerate villages and community facilities, address fuel poverty issues, enhance transport provision, support existing business and support a healthy lifestyle for rural dwellers through the provision and enhancement of outdoor recreation facilities.	3.0	CDEL Block Non-ringfenced
Rural Broadband	Project Stratum is being led by DfE and given the benefits in rural areas, DAERA proposes to provide Capital support each year.	7.5	CDEL Block Non-ringfenced
Waste Recycling Programme	This is to take forward the Household Waste Recycling Collaborative Change Programme to support the draft Programme for Government (PfG) and Northern Ireland Waste Management Strategy by providing financial assistance to local councils to improve recycling services.	10.0	CDEL Block Non-ringfenced
Rural Business Community Fund	This fund is to replace the current EU PRIORITY 6 element of the RDP. The proposed Priority Goals of the Rural Business and Community Fund are to: <ul style="list-style-type: none"> • create a rural society where innovation and entrepreneurship flourish; • maximise the contribution that sustainable rural tourism makes to rural society and to the wider economy and environment; • reduce loneliness and social exclusion in rural areas, to minimise the impacts of rural isolation and to promote the health and well-being of rural dwellers; • increase employment opportunities available to people living in rural areas; and 	7.0	CDEL Block Non-ringfenced

	<ul style="list-style-type: none"> improve connectivity between rural and urban areas. 		
Fisheries	This would allow DAERA to continue to take forward projects under the European Maritime and Fisheries Fund to help the fishing industry and coastal communities.	0.5	CDEL Block Non-ringfenced
Loughs Agency	This would allow the Agency to replace assets such as IT equipment and vehicles to maintain its existing level of service.	0.6	CDEL Block Non-ringfenced
Genetic Livestock Improvement IT	This project aims to establish data flows and analysis for the Northern Ireland red meat sector to inform farmers on livestock breeding strategies and provide government with evidence to inform policy.	1.5	CDEL Block Non-ringfenced
Laboratory Information Management System (LIMS)	This aims to replace the existing LIMS systems and the provision of data management functionality to address the science data requirements within DAERA, AFBI and NIEA.	1.6	CDEL Block Non-ringfenced
AFBI Research Vessel	This would fund the replacement of the existing research vessel which is reaching the end of its useful life. The new vessel will be more efficient in terms of staffing requirements and running costs and will provide an improved at-sea service for AFBI.	7.0	CDEL Block Non-ringfenced
Estate Development	This is to undertake a range of Capital projects across the DAERA estate including the construction of the Animal Health Sciences Building at Stoney Road, AFBI/CAFRE Beef Facilities, New Teaching, Residential Accommodation and Office facilities at Greenmount Campus as well as the new Teaching /Training Centre, Science Building and Residential Student Accommodation at Loughry.	8.6	CDEL Block Non-ringfenced
Recurring Capital	This covers a range of recurrent Capital across CAFRE, AFBI, Forest Service, NIEA and Marine Division such as animal housing, stores, sheds, plant, vehicles and machinery.	12.8	CDEL Block Non-ringfenced
Climate Change (NDNA)	This covers the IT to support the additional staff to develop new Climate Change legislation, associated policies and strategies and ultimately operational delivery.	1.0	CDEL Block Non-ringfenced

Climate change – Research and Development (NDNA)	This R&D funding is for Northern Ireland partners in a collaborative all island research hub in the area of agri-food and sustainability.	1.1	CDEL Block Non-ringfenced
Total Pressures		62.2	

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

Desirable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
	N/A		
Total Pressures			

3. DEPARTMENTAL REVENUE ESTIMATES

3.1. Outline any Departmental Fees, Charges and Levies, where appropriate, and an estimation of subsequent Revenue expected in 2020-21.

Fictional examples and definitions have been given to provide assistance.

2020-21 Estimation of Revenue

CAFRE £4.0m

Forest Receipts £9.4m

AFBI Lease £6.3m

Carrier Bag Levy (CBL) £4.6m

Veterinary Fund Receipts £5.1m

Salvage Receipts £2.5m

NIEA Regulatory Income £7.9m

Food Standards Agency (FSA) £6.1m

Other income £3.4m

The full impact of Covid-19 on these revenue schemes has yet to be quantified.

The CBL has been waived for all home deliveries and the FSA income will be impacted by animal products not moving off farm.

Extend box if required.

Indicate non-applicable where necessary.

4. FINAL COMMENTS

4.1. Please use the box below to provide any additional comments you think may assist Assembly committees in their on-going scrutiny of the Draft/Executive Budget 2020-21.

Extend box if required.

Following the agreed Executive's 2020-21 budget on 31 March 2020:

- Total DAERA 2020-21 Opening Resource allocation of £504.7m includes additional allocations for:
 - £278.6m for EU Replacement Funding (95% of £293m) (the remaining 5% is to be allocated in-year);
 - £18.8m for EU Exit Costs
 - £3.0m for general allocation; and
 - £1.8m for TRPSI.

- Minister has allocated the £3.0m as follows:
 - £0.7m for TRPSI;
 - £0.9m for Mobuoy Remediation Project;
 - £0.7m for Strategic Environmental Programmes; and
 - £0.7m for Climate Change.

- Total DAERA 2020-21 Capital allocation of £98.5m.

- As at 10 April, the Executive has confirmed an additional £1.5m will be allocated to DAERA in 2020-21 for COVID-19 in relation to Support for the Fishing Sector.