



Northern Ireland Assembly

COMMITTEE FOR AGRICULTURE, ENVIRONMENT AND RURAL AFFAIRS

Response to Committee for Finance on the Draft Budget 2025-26

Introduction

1. The Committee for Agriculture, Environment and Rural Affairs thanks the Committee for Finance for co-ordinating a response from Committees as part of the Draft Budget 2025-26 process. The Committee appreciates that the Committee for Finance takes a lead role in the scrutiny of the Executive Budget as a whole and requests views on respective department's 2025-26 Budget by 28th February 2025.
2. Members noted that the Department for Finance published a draft Executive Budget for 2025-2026 on 19th December 2024 and that it is out for public Consultation until 13th March 2025.
3. The Committee noted with disappointment that the draft Budget is not yet explicitly linked to the Programme for Government and what has been published has not offered significant details on the strategic priorities/direction of departments. The Committee remains hopeful that departments' budgets will be linked to the PfG going forward as part of the outworking of the Budget Sustainability Plan and Budget Improvement Plan.
4. The Committee recognised that 2025-26 will not see the exceptional levels of Barnett Consequentials that have characterised the current financial year. This immediately has raised concern amongst Members due to the reliance that DAERA placed in 2024/25 on in-year monitoring and consequentials to fund certain statutory duties, such as bTB compensation. However, the Committee took some small comfort in the fact that the additional consequentials from 24/25 have been baselined into the draft 25/26 budget.

Committee Scrutiny to Date on the DAERA 2025/26 Draft Budget

5. At its meeting on 6th February, the Committee for AERA had an oral briefing from DAERA officials followed by questions and discussion, regarding the Resource DEL and Capital DEL bids submitted to DoF, as part of the ongoing work in relation to the Budget 2025-26 process.
6. Regarding Resource DEL, the Committee heard that DAERA had submitted bids to DoF totalling **£50.9m Resource DEL** (against the opening 2024-25 position) **plus an additional £15.7m Resource DEL**. This has been increased to **£18.7m** by DAERAs generation of £2m savings in running costs and £1m available to help cover increased NIEA costs.
7. The Committee were immediately concerned at the significant disparity between the Resource DEL bids and the allocations for important statutory functions and priority projects related to farming and food security, protection of the environment and climate change, including:
 - 24.0m bid / **6.8m** allocated - Bovine TB Programme Delivery
 - 11.5m bid / **6.8m** allocated - Environmental Improvement Plan Delivery (including Lough Neagh)
 - 5.8m bid / **1.0m** allocated - Green Growth / Climate Change Delivery
 - 6.8m bid / **3.2m** allocated - Farm Support and Development Programme Delivery
 - 0.8m bid / **0.2m** allocated - PEACEPLUS / City and Growth Deals Delivery
 - 1.4m bid / **0.4m** allocated - Animal Welfare and Epizootic Disease such as Avian Influenza.
 - 0.6m bid / **0.3m** allocated - NI Food Strategy Framework
8. Regarding Capital DEL, the Committee heard that DAERA had submitted bids to DoF totalling **£179.2m Capital DEL** (from a zero base) **plus an additional £119.5m Capital DEL**. The proposal included £332.5m **Executive Earmarked Resource DEL** for agriculture, agri-environment, fisheries and rural development from 2025-26 and £4.2m **Executive Earmarked Resource DEL** for PEACEPLUS across DAERAs five investment areas.
9. During questions and discussions with the Officials the Committee heard that there are significant issues with the draft DAERA budget, particularly on resource where, at this stage, only £15.7m has been allocated against a bid of £50.9 million. The Committee recognised the situation for DAERA as “extremely difficult” resulting in significant shortfalls for projected statutory obligations on the TB programme and contractual pressures on pay and running costs.

10. The Committee expressed concern regarding Lough Neagh and stated that tackling those issues is a significant priority for all. The Committee enquired about the bid for delivering the Environmental Improvement Plan, including Lough Neagh delivery and asked what projects had been identified that will not be able to be implemented due to the shortfall.
11. The Committee were informed that £1.9 million is to be allocated towards specific actions in the Environmental Improvement Plan, but excluding Lough Neagh, across NIEA; environment, marine and fisheries group; climate change and science innovation group; and food, farming and rural affairs group.
12. The Committee was then concerned to learn that due to a £2m short fall in Resource funding, three of the actions in the Lough Neagh Plan cannot be taken forward:
- Action 17: To improve water quality - Scope and report on the most effective domestic Wastewater Treatment systems with the potential to expand to a septic tank replacement scheme.
 - Action 21: Bid for new grant programme to support organisations working to improve water quality and conservation of Lough Neagh; and
 - Action 37: Response to incidents and public health advice by implementing the Inter-Agency Blue-Green Algae monitoring protocol.
13. The Committee heard that at June Monitoring last year £1.5m was allocated specifically for Lough Neagh and DAERA officials stated that it was hoped that additional funding may be allocated again this year.
14. The Committee heard that with regards to Capital Funding there will be an increase in funding for Lough Neagh from £3.2m last year to £12.8m for 2025/2026.
15. The Committee questioned the officials on the largest element not being funded being the bovine tuberculosis (bTB) programme. The Veterinary Service Animal Health Group projects an increase in compensation of £14.2 million above the £32.3 million baseline, of which the Minister proposes to allocate only £3.6 million, leaving a significant shortfall of £10.6 million in what is a statutory obligation.

16. The Committee understands that there has been a significant increase in total bTB compensation from 2019-2020, when it stood at £19.5m. During a briefing from the Chief Veterinary Officer and the Minister on 28 November 2024, the Committee heard that in the 2023/24 financial year, total departmental bTB Programme expenditure was £55.7m, a rise of 39% since 2020/21, with the rise in compensation costs being the most substantial contributor to programme costs/expenditure.
17. Compensation payments totalled £36.5m for 2023/24. The Committee remain extremely concerned that the trajectory remains upwards - as of 31 October 2024, animal and herd incidence rate was 1.158% and 10.41% respectively, with significant increases having been seen, in particular over the past 5 years. TB projected compensation for this year is £41.7m and it is projected to be £46.5m next year.
18. The Committee highlight that the lack of required funds will have a detrimental impact on efforts to reduce the incident of bTB and are also concerned that there is also no funding allocated yet for tackling avian influenza or bluetongue outbreaks. This is of immediate concern to the Committee due to the recent incursions of Highly Pathogenic Avian Influenza H5N1 at a captive bird premises in Magherafelt and at a commercial poultry premises just outside Dungannon. The Committee hope to hear more detail on DAERA's actions and resources at a planned briefing on 6th March.
19. The Committee does not feel that relying on additional allocations in monitoring rounds (as were given last year (£5m in the June round and £1.36m in the October round). Is a suitable method to fund such a significant and statutory programme.
20. The Committee has consistently highlighted the need for significant Just Transition funding in order that farmers and rural areas can play their part in environmental improvement. It is pleased to note that, for the first time, it is proposed that DAERA receives an Executive earmarked allocation for the Just Transition Fund for Agriculture of £12.3m across four areas:
- £5 million to bovine genetic improvements;
 - £3.7 million to on-farm capital support;
 - £2.8 million for peatland restoration; and
 - £0.8 million for the livestock dietary emissions challenge fund.
- The Committee has requested further information on the projects and types of farms the funds from the Just Transition fund will be

directed to in 2025/26. At the time of writing a response was awaited.

21. The Committee notes that on Green Growth and Climate Change, the largest capital element is for Lough Neagh at £12m which is significantly up on the funding for 2024-25 on capital, which was £3.2 million. The Committee is receiving a briefing soon from the Project Manager tasked with implementing the Lough Neagh Plan and we will be querying how this allocation will be spent.
22. The Committee noted some other areas of capital allocations - Farming with Nature, due to launch later this year, has a capital allocation of £4.8 million. The Tackling Rural Poverty and Social Isolation (TRPSI) framework has been allocated £4m and Household Waste has been allocated £3.3m.

Some Spending Priorities

23. In December the Committee were briefed by Officials on the outcome of DAERA's internal consideration of the January Monitoring Round. At that stage the Committee raised a number of concerns regarding the need for significant Just Transition Funding in 2025/2026.
24. the Committee was also concerned of the impact that the 700 registered vacancies within the Department would have on the speed at which new policies will be designed and programmes rolled-out.
25. The Committee has continued its programme of holding external meetings and is hearing first hand from stakeholders of the impact of funding shortfalls, for example, from the RSPB on nature restoration, to a briefing in Cookstown from the Rural Partnership Groups and Rural Support Networks, which highlighted the historical underinvestment in rural women and loss of rural transport. There was a request from these groups to put TRPSI on a statutory footing to ensure funding and the general point that these groups just do not have enough money to deliver their services and that all the rural support networks have to look for funding elsewhere to enable them to carry on their work of rural community development.
26. The Committee has also voiced consistent concerns over cuts to discretionary spend, yet those areas are often where good impact can be made on public wellbeing, such as public angling, access to nature and rural support initiatives.

27. The Committee is aware that Bovine TB continues to be a challenging issue for cattle farmers and the public purse, especially in the compensation element. At the briefing to the Committee on 28 November in relation to the Chief Veterinary Officer's report: 'Review of Bovine Tuberculosis in Northern Ireland', it was envisaged that this review should be a turning point for the eradication of bTB. The Minister stated that he wished to move at pace and see a delivery plan from the new TB Partnership Steering Group by the end of March 2025. The Committee is keen to see progress and funding to tackle this matter.
28. The Committee will wish to see funding prioritised to the necessary science and innovation in relation to the Environmental Improvement Plan (to include Lough Neagh), taking into consideration emerging issues.
29. The Committee also wishes to see sufficient funding given to the marine environment, acknowledging the need for increased, long-term funding for marine protection and restoration.
30. After a recent briefing from the Aquaculture sector, the Committee wrote to DAERA to ask how it is supporting this sector to rebuild after hearing that building up shellfish production back to the 10,000+ tonnes not seen since 2010 would provide water quality benefits as well as to the economy. This support and the sustainable development of the sector overall requires coherent and supportive governance, which the sector believes is lacking.
31. The Committee still remains to be advised of any definite plans with associated costs for the remediation of the illegal Mobuoy waste site, as according to various reports it could cost upwards of £100million for a preferred option.
32. In conclusion, the Committee is pleased to now be receiving and considering the revised Outturn and Forecast Outturns documents forwarded to us from the Finance Committee, allowing us to monitor any budget over commitments and how dependent DAERA has been the Monitoring Rounds.