

**FURTHER DETAILS ON DRAFT BUDGET 2022-2025 PROPOSALS FOR THE
DEPARTMENT OF AGRICULTURE, ENVIRONMENT AND RURAL AFFAIRS**

JANUARY 2022



Department of
**Agriculture, Environment
and Rural Affairs**
www.daera-ni.gov.uk

***Sustainability at the heart of a
living, working, active landscape
valued by everyone.***

CONTENTS

Page

Introduction	3
Purpose	5
Key Functions	5
Resource DEL	8
Capital DEL	15
Equality and Rural Needs Impacts	25
Appendix A - Equality and Disability Duties Screening Template	

INTRODUCTION

On 13 December 2021 DoF published a Draft Budget document for 2022-2025 which sets out the Northern Ireland Executive's proposed spending plans across all departments. This can be accessed in the following link.

[2022-25 Draft Budget | Department of Finance \(finance-ni.gov.uk\)](https://finance-ni.gov.uk/2022-25-Draft-Budget)

That document sets out high level information for DAERA and advises that further information on departmental activities can be found by accessing the departments' websites.

The purpose of this document is to provide more detail on the Draft Budget 2022-2025 Resource DEL and Capital DEL proposals for DAERA and help inform responses to DoF's consultation. It includes welcome confirmation of replacement Farm Payments as well as additional funding to take forward DAERA's crucial work following our exit from the EU and the Green Growth strategy.

The UK Chancellor announced the outcome of the Spending Review on 27 October 2021 which set out the overall quantum of resource available to UK departments for 2022-2025. This Spending Review also confirmed funding for Farm Support Direct Payments and Fisheries funding across the three years. This is National funding designed to replace the equivalent EU funds which have now ceased.

The overall funding position announced for the Executive is not enough to cover all that the Executive aspires to do. This means that there are significant shortfalls on both Resource DEL and Capital DEL.

This Department can do a lot more to help grow the economy sustainably while protecting and enhancing our natural environment. DAERA will be pressing DoF for additional Resource DEL and Capital DEL funding as part of the Final Budget to take forward the important work on Green Growth and EU Exit in particular. Your support by responding to DoF's consultation would be welcomed.

It is a statutory obligation for the Minister of Finance to bring a Budget to the Assembly in advance of the new financial year commencing on 1 April 2022. The delay in the announcement of the UK Spending Review outcome has meant a subsequent delay to the Executive's Budget process as the Spending Review outcome sets the Budget envelope for the Executive. The delay means the consultation period will have to conclude on 7 March 2022 in order to have a 2021-22 budget in place for the beginning of the new financial year.

As set out in DoF's document, given the constrained financial position, the growing demand and that public services are facing significant challenges going forward, the Executive would welcome views on the Draft Budget.

However, as the period for consultation is limited, DoF advises that it would be helpful if consultation responses were focused on the following questions:

Funding Our Budget:

- Should we in Northern Ireland raise more money for public services – if so, how?
- Is it right to freeze our household and business rates at current levels?
- Where should we look to save money through better efficiencies?

Spending Our Budget:

- Do you think we have the right balance between health and other priorities?
- Do you agree with the proposal to direct 2% from other departments to health?
- Do we need to reduce or completely stop delivering any services? – If so, what are they and why?
- Do we need to re-direct spending? What needs more funding and where would you take it from?

What Else?

- Is there anything else you would wish us to know about the draft budget?

Comments on the draft Budget 2022-2025 and Section 75 issues can be submitted via the following two ways:

- Submit your responses online at: <https://consultations2.nidirect.gov.uk/dof/2022-25-draft-budget>
- Email your responses to: budgetconsultation@finance-ni.gov.uk

The deadline for responses is 7 March 2022.

PURPOSE

DAERA's Purpose is "*Sustainability at the heart of a living, working, active landscape valued by everyone*". Given the level of public concern about climate change DAERA has a key co-ordination role in:

- (1) working with other Departments, to reduce carbon emissions; and
- (2) adapting NI to the change that is already underway.

In pursuit of this Purpose, the existing four key strategic outcomes of the Department are:

- **Economic Growth:** to enhance our food, forestry, fisheries and farming sectors using efficient and environmentally sustainable models which support economic growth;
- **Natural Environment:** to protect and enhance our natural environment now and for the future whilst advocating its value to and wellbeing for all;
- **Rural Communities:** to champion thriving rural communities that contribute to prosperity and wellbeing; and
- **Exemplar Organisation:** to be an exemplar, people focused organisation, committed to making a difference to the people we serve.

KEY FUNCTIONS

Programme for Government

DAERA has an important role in delivering the following eight of the nine proposed cross departmental outcomes of the draft Programme for Government (PfG):

- Our children and young people have the best start in life;
- We live and work sustainably – protecting the environment;
- We have an equal and inclusive society where everyone is valued and treated with respect;
- We all enjoy long, healthy active lives;
- Everyone can reach their potential;
- Our economy is globally competitive, regionally balanced and carbon-neutral;
- We have a caring society that supports people throughout their lives; and
- People want to live, work and visit here.

The sectors which they cover include environment, agriculture (including forestry), fisheries, animal health and welfare and rural society. Together they play a key role in underpinning the social and economic fabric of both urban and rural communities.

Green Growth

On 21 October 2021 the Executive agreed the draft Green Growth Strategy which outlines its vision for a low carbon, nature rich society and sustainable economy by 2050. DAERA is leading this work on the Executive's behalf. It is a cross cutting area that has been prioritised in the Building Forward – Consolidated Covid-19

Recovery Plan published in August 2021. Green Growth seeks to adopt a holistic approach to tackling the climate crisis by balancing climate action with environmental and economic needs in a way that benefits all our people.

NI's environment is perhaps its most important asset. The local and global impacts of climate change along with other key pressures on local water quality, air quality and biodiversity are the challenges facing NI and the wider world. Growing public and media awareness, particularly following COP 26, has focused attention on environmental issues. Actions are underway now to address these challenges and reverse the decline in environmental quality, deliver against national and international commitments and build the sustainable future the Green Growth Strategy envisions.

In line with the environment draft PfG Outcome, DAERA will lead on or significantly contribute to priorities as follows:

- protecting and enhancing biodiversity and the natural environment, supporting sustainable practices and resource use in the energy, agri-food, fishing and forestry sectors and ensuring human, animal and plant health;
- creating economic opportunity through tackling climate change and reducing greenhouse gas emissions (including energy decarbonisation);
- reducing and reusing the waste we produce by improving the services and infrastructure; and
- enhancing and improving the existing water and wastewater network and infrastructure to ensure service delivery and sustainable environmental management.

EU Exit

DAERA is uniquely placed to promote prosperity across NI by supporting a competitive, regionally balanced economy and sustainable environment. It is essential that DAERA remains equipped to support the agri-food sector which is vital to the local economy. This is a sector that has an annual turnover of £5 billion and supports well in excess of 100,000 jobs either directly or indirectly.

The UK's departure from the EU provided an unprecedented level of regional discretion and flexibility with regard to future agricultural support in NI. This is the most significant change in policy affecting the agricultural sector in over 40 years.

It represents a unique opportunity to develop a new dynamic for key stakeholders across the food, agricultural and environmental spectrum to work with the NI Executive to chart a new way forward with common purpose. DAERA launched a new Future Agricultural Policy Framework for NI in August 2021 and a consultation on Future Agricultural Policy Proposals for NI in December 2021. Based on the four key outcomes of increased productivity, environmental sustainability, improved resilience and a responsive supply chain, it charts the way forward for a future agricultural policy which better meets NI's needs now that it has exited the EU. These four outcomes are synergistic and improvement in one outcome can provide a positive effect on one or more of the other outcomes.

In 2021 the Department also produced a new draft Bovine Tb Strategy and undertook a public consultation on the detail. The results of this consultation will be evaluated and it is expected that the strategy will be progressed during 2022.

Rural Development

DAERA is also responsible for both the policy and delivery aspects of rural development. It has an important role in strengthening the social and economic infrastructure of rural areas and communities and this is taken forward through a range of key programmes. The Department is developing a Rural Policy Framework (RPF) for NI in consultation with key rural stakeholders. The RPF will form the basis of the Rural Business and Communities Investment Programme which will ultimately replace the EU Rural Development Programme.

Plans for Covid-19 Recovery

As well as the significant investment planned for Green Growth which will be key to Covid-19 Recovery, the new RPF will also provide support to rural communities impacted by Covid-19. This includes a range of interventions targeting support for Rural Tourism, Rural Business and Rural Communities.

The Tackling Rural Poverty and Social Isolation (TRPSI) programme is also being deployed to provide support for rural communities affected by Covid-19.

In addition the Department's Environment Fund is being utilised to provide funding to support environment based Covid-19 recovery measures by environmental non-government organisations and other not for profit organisations particularly in relation to additional pressures on outdoor recreation facilities.

RESOURCE DEL

The Executive's Draft Budget allocations to DAERA are set out below.

Draft Budget Resource DEL Outcome	2022-23	2023-24	2024-25
	£'m	£'m	£'m
Opening rolled over baseline	224.2	224.2	224.2
EU Replacement Funding	315.9	330.3	332.5
Adjusted Rolled Over Baseline	540.1	554.5	556.7
Gross General Allocation	15.1	16.6	19.0
2% Efficiency	(4.5)	(4.5)	(4.5)
Net General Allocation	10.6	12.1	14.5
Total Resource DEL	550.7	566.6	571.2

Totals may not add due to roundings

This shows that DAERA's baseline would increase by £10.6m / £12.1m / £14.5m over the Budget period.

Budget Efficiencies

In terms of the changes to DAERA's baseline the £4.5m efficiencies each year are essentially circular funding – i.e. DAERA surrenders this to DoF but at the same time receives an increased general allocation of £4.5m each year. As we had originally been generating efficiencies internally to help fund pay inflation, it is proposed that up to £4.5m each year continues to be used for this annual pressure as set out later in this document.

The Department's proposed reductions are set out below.

Resource Efficiencies	2022-23	2023-24	2024-25
	£'m	£'m	£'m
Cost Reductions	3.1	3.1	3.1
Programme Savings	1.0	1.0	1.0
Raising Additional Income	0.4	0.4	0.4
Total Resource Efficiencies	4.5	4.5	4.5

As over 75% of our opening net Resource DEL baseline of £224.2m in 2022-23 relates to staff salaries, there is a significant restriction on our flexibility to quickly make baseline reductions. Therefore, in order to generate these efficiencies we have had to look to maximising cost reductions, scaling back programmes and generating new income in the first instance.

Given that DAERA has a large and diverse estate covering 84,000 hectares with over 900 buildings across 234 sites it is also difficult to generate costs reductions. Nevertheless we propose to take steps to generate £3.1m per annum over the next three years. This would be part of ongoing work to drive efficiencies and include investing in our infrastructure and technology. Impacts are likely to be managed by putting financial plans and targets in place once a Final Budget has been agreed.

In considering our relatively small programmes budgets, we have reviewed areas of spending which are not committed. Following our exit from the EU, we have made a prudent assessment on the likelihood of CAP disallowance over the next three years and have identified £1.0m in each year on this programme budget. There is still the risk that the EU may charge a higher disallowance on the residual schemes that they fund and such charges would have to be managed in-year.

Over this Budget period the Department is also taking forward the alignment of Higher Education fees with levels paid at other Higher Education Institutions. This would generate £0.4m of additional income per annum.

Resource Allocations

The Draft Budget proposes an additional general allocation of £15.1m / £16.6m / £19.0m to DAERA over the Budget period. Whilst this means that overall, the Department is not facing a reduction on its opening baseline it falls significantly short of the level of Resource DEL that the Department was seeking to deliver for our stakeholders and the people of Northern Ireland.

Throughout the Budget process the Department has consistently highlighted the strategic importance of Green Growth. In the aftermath of the Covid-19 pandemic, Green Growth is our pathway to a resilient recovery and brighter futures for NI delivering a greener, low carbon and circular economy. In light of this the majority of our general allocation has been earmarked for Green Growth.

This however means that there is only £10.2m / £8.1m / £6.3m left to address all other Departmental pressures. It proposed that this is apportioned as set out in the table below. In some cases there has not been sufficient budget to allocate any funding in 2023-24 and 2024-25 against a number of Departmental bids. We will continue to engage with DoF to secure further funding as part of the Final Budget process as well as future Budget exercises and in-year Monitoring Rounds.

Draft Budget Resource DEL Proposed Allocations	Departmental Bids			Proposed Allocations		
	2022-23 £'m	2023-24 £'m	2024-25 £'m	2022-23 £'m	2023-24 £'m	2024-25 £'m
Strategic Green Growth / EU Exit Pressures						
Green Growth	6.1	8.5	12.7	4.9	8.5	12.7
EU Exit Staff and Associated Costs	32.7	34.3	35.7	1.0	1.0	1.0
EU Fund for Disease Eradication	5.1	5.1	5.1	-	-	-
Total Strategic Green Growth / EU Exit Pressures	43.9	47.9	53.5	5.9	9.5	13.7
Transformation Pressures (Invest to Save)						
Bovine TB Eradication Strategy	1.0	1.0	2.2	1.0	1.0	-
Total Transformation Pressures	1.0	1.0	2.2	1.0	1.0	-
Business as Usual Pressures						
Pay Inflation	2.6	5.2	7.9	2.6	4.5	4.5
TRPSI	1.8	1.8	1.8	-	-	-
Mobuoy Remediation Project	0.8	1.2	4.5	0.8	0.8	0.8
Environment Fund	0.5	4.5	4.5	0.5	0.8	-
Strategic Environmental Programmes	4.0	4.0	4.0	1.5	-	-
Digital Transformation	2.7	2.9	3.1	1.3	-	-
Science Transformation	1.4	1.7	2.3	0.5	-	-
Operational Costs	3.7	3.8	4.1	1.0	-	-
	17.5	25.1	32.2	8.2	6.1	5.3
Total Net Business As Usual Pressures	18.5	26.1	34.4	9.2	7.1	5.3
Total Pressures	62.4	74.0	87.9	15.1	16.6	19.0

Green Growth (£4.9m / £8.5m / £12.7m)

While current focus has been on developing a Green Growth Strategy for the Executive, there is a recognition that delivery against its objectives will require cross-departmental working to ensure that emerging programmes and policies align with the overarching Green Growth Strategy principles. A delivery architecture is in the process of being built. Critical funding is required for staff costs to drive and monitor the sectoral programmes which will deliver against the Green Growth Strategy and Climate Action plan targets. This proposed allocation will help take forward the significant Capital investment plans for Green Growth and information on these can found later in this document.

EU Exit Staff and Associated Costs (£1.0m / £1.0m / £1.0m)

As DAERA now has confirmation of replacement Pillar 1, Pillar 2 and Common Market Organisation (CMO) funding of £312.8m / £327.2m / £329.4m and Fisheries funding of £3.1 / £3.1m / £3.1m these have been included in the adjusted rolled over baseline.

Following the UK's exit from the EU, DAERA is now required to undertake a range of responsibilities and functions that have been repatriated from Brussels as agriculture, the environment, fisheries, forestry and rural development are all devolved matters. Successfully managing post EU Exit opportunities provides a significant challenge for the Department.

To help manage these requirements, the Executive has now baselined the £18.8m EU Exit funding that DAERA received in 2021-22. However, this still leaves a significant shortfall which will need to be addressed. DAERA currently has a requirement for 588 additional EU Exit funded posts across the Department to manage our transition from the EU and an allocation of £1.0m in each year is proposed against this.

EU Fund for Disease Eradication (£Nil / £Nil / £Nil)

EU Replacement Funding for the EU Fund for Disease Eradication has not been allocated by HMT. This will continue to be managed as an in-year issue.

Bovine TB Eradication Strategy (£1.0m / £1.0m / £Nil)

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. In response to the TBSPG's recommendations DAERA completed a consultation which outlined proposals that were designed to reduce, and ultimately eradicate, bovine tuberculosis in Northern Ireland.

A further consultation on the Department's proposed implementation and next steps of the bTB Eradication Strategy was launched on 16 July 2021 and closed on 10 September 2021. The responses to this are still under consideration. 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.

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 in our post EU Exit market. The current incidence of bovine tuberculosis in the cattle herd, should it persist, could in the future become a barrier to trade and therefore it is essential that we begin to work towards eradication now.

Pay Inflation (£2.6m / £4.5m / £4.5m)

The Department has a Resource budget for staff costs of £168.5 million (DAERA £147.4m and AFBI £21.1m) which is over 75% of the baseline Resource Budget of £224.2m. The Department has been operating within a strict headcount model against a backdrop whereby DAERA has been focused on a large range and volume of EU Exit work and development of the Green Growth Strategy as well as developing and implementing a range of Covid-19 actions. This is in addition to rolling out the Department's significant Capital investment plans. However, the scale

of the payroll bill within the Department means that there is a significant new inescapable pay pressure that is generated each year as a result of pay inflation.

In arriving at the Net General Allocation of £10.6m / £12.1m / £14.5m in the first table above, the £4.5m per annum in relation to 2% efficiency savings are effectively in and out each year. As DAERA had already been planning to generate such savings to help manage pay inflation (which is based on the largest part of our budget) it is proposed that up to £4.5m is allocated to this pressure in each year. Although this would not cover the pay inflation bids in full, it would bolster the staff cost budget meaning current staffing levels do not need to be reduced at a time when more staff are required.

Tackling Rural Poverty and Social Isolation (TRPSI) (£Nil / £Nil / £Nil)

In 2018-19 and 2019-20 the TRPSI Programme was funded under Confidence and Supply allocations. Although the Executive continued to fund this in the three years to 2021-22, it has not been baselined.

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; assist access to health services; assist farmers and support positive mental and physical health. TRPSI funding provides the opportunity for central government to promote self-efficacy, lever additional funding and achieve value for money at the local level in some of our most isolated and marginalised communities.

Whilst no allocation is proposed as part of this Draft Budget, the Department of Finance anticipates that further funding will be provided by HM Treasury in 2022-23 for tackling severe deprivation and addressing mental health issues. However, as this funding has not been formally confirmed by the Secretary of State, it cannot be included in the Draft Budget proposals at this stage. It is anticipated that this funding will be allocated as part of 2022-23 in-year Monitoring and the Department will continue to engage with DoF to secure £1.8m in respect of TRPSI.

Mobuoy Remediation Project (£0.8m / £0.8m / £0.8m)

The Mobuoy Road Illegal Waste site is a 46 hectares site situated in the North West that has been subject to large scale illegal land filling of waste materials over recent years. The proposed funding would help fund the work associated with the ongoing monitoring and remediation of the site.

Environment Fund (£0.5m / £0.8m / £Nil)

The anticipated additional requirement for the last year of the current Environment Fund (EF) (2022-23) is £0.5m. This budget relates to the ongoing funding programme for not-for-profit organisations such as eNGOs and councils. Funding for the EF is currently available from within the DAERA baseline. However, this would be enhanced in 2023-24 to help progress new commitments and priorities arising from COP 26 and the new Environment Strategy (Environmental Improvement Plan),

new Biodiversity Strategy, new Peatland Strategy, Climate Change plans and new PfG.

Strategic Environmental Programmes (SEP) (£1.5m / £Nil / £Nil)

The Department has identified a range of Strategic Environmental Programmes (SEP) which will focus on addressing key environmental pressures such as climate change, air and water pollution, addressing impacts from ammonia emissions and building a more resilient natural environment which can deliver the full range of ecosystems services supporting health, wellbeing and our economy. Through joint/partnership working, the SEP will align actions addressing pressures holistically and deliver for Northern Ireland's environment and citizens and engage people with nature. It will also help to address the current climate change and ecological emergencies and build a sustainable future both locally and globally.

Digital Transformation (£1.3m / £Nil / £Nil)

Digital Transformation (DT) aims to enable business transformation by promoting the adoption of digital technology. The DT programme also aims to improve and streamline business processes, introduce up to date digital solutions and technology and improve service provision and delivery to both internal and external customers. While essential digital development will be met by capital investment, the required ongoing system support will be essential to support around 178 existing digital business systems, continue to maintain DAERA staff's ability to work remotely and provide the required ongoing licensing, support, maintenance and security of all existing and future digital systems

Science Transformation (£0.5m / £Nil / £Nil)

A DAERA Science Strategy Framework has been developed to guide how the Department can optimise the value it gets from science to help deliver Departmental and Programme for Government objectives. The Science Transformation Programme will oversee the delivery of the Science Strategy Framework. This will involve the development of science policy, operational strategies for Research and Development, monitoring and surveillance and science and innovation. It will also include the review and development of facilities and infrastructure used by the DAERA family for the delivery of science services, such as the development of a DAERA Laboratory Information Management System and the development of fit-for-purpose science infrastructure, including that used by the Agri-Food Biosciences Institute (AFBI). The proposed funding would help take forward this work.

Operational Costs (£1.0m / £Nil / £Nil)

The Department's estate and assets cover an area of approximately 84,000 hectares and comprise of over 900 buildings across 243 sites throughout NI employing over 3,000 staff. Given the size and age of the estate, the Department is facing significant operational cost pressures to ensure that it is adequately maintained and fit for purpose.

Conclusion on Resource DEL

Whilst DAERA has been successful in securing additional EU Replacement funding, the reinstatement of EU Exit funding from 2021-22 and a general allocation, the above table shows that there are significant shortfalls in all areas of spend across the Budget period.

The Department will continue to engage with DoF to secure additional funding as part of the Final Budget process for Green Growth and Strategic Environmental Programmes in particular and would welcome support for this action from our stakeholders in their responses to DoF's consultation.

CAPITAL DEL

The Capital investment allocations would allow the Department to continue to take forward the majority of DAERA's existing schemes and programmes. The gross allocations of £125.1m / £134.7m / £117.8m over the next three financial years would allow DAERA to take forward priority investment in Green Growth (£48.0m / £65.9m / £61.1m) Programmes (£32.0m / £19.1m / £11.9m), IT Systems (£21.6m / £19.9m / £20.3m), and Research and Development (R&D) (£22.4m / £23.9m / £24.3m).

DAERA had anticipated a step change in Capital allocations over the next three years to take into account the need for Green Growth. However, given the pressures on Capital budgets across departments, it has not been possible for this to be reflected in the proposed allocations to this Department. To help address this it is important that DAERA prepares now for additional Capital that is likely to become available in 2023-24 and 2024-25 due to slippage across departments. Therefore the Department proposes to allocate £8.0m more in 2023-24 and in 2024-25 than is in the proposed allocations from the Executive. This is a prudent level to facilitate a higher amount of Green Growth projects to be taken forward in those years. The Department recognises that this would be contingent on securing additional funding from the Executive at future Budget exercises or at Monitoring Rounds in those years and there are plans in place to scale back spend to within control totals if no additional funding became available.

The figures above also include allocations of £1.2m / £5.9m / £0.2m in relation to the Complementary Fund to progress work at Whitespots Country Park.

Projects funded under the Rural Development Programme (RDP) 2014-2020 will continue to receive funding for the lifetime of the project. The European Commission has advised that commitments can be made under the 2014-2020 RDP up until 2023 and receive EU funding until 31 December 2023 or until EU funds are exhausted. Therefore DAERA still aims to claim EU match funding in relation to these schemes.

When a total of £34.6m EU match funding is included (mainly from the RDP), the Department is taking forward £125.1m / £134.7m / £117.8m Capital in total over the next three financial years. This includes an additional £11.3m / £10.4m / £Nil for Green Growth and an additional £12.6m / £0.3m / £Nil for Programmes.

Key Outcomes

The proposed Capital allocations would enable DAERA to meet its existing contractual obligations and are summarised across our main Capital categories as follows.

Capital Proposals	2022-23	2023-24	2024-25
	Executive Allocation £'m	Executive Allocation £'m	Executive Allocation £'m
Green Growth			
Green Growth - Agri-Food	11.0	18.4	16.6
Green Growth - Agri-Food EU	9.5	7.9	-
Green Growth - Challenge / Innovation Fund	12.4	13.6	12.0
Green Growth - Forestry and Nature	6.0	7.5	8.0
Green Growth - Forestry and Nature EU	1.8	2.5	-
AFBI Green Growth Strategy	5.0	1.5	0.5
Green Growth - Blue Economy	1.0	2.0	3.0
Green Growth - Circular Economy and Waste	1.0	2.0	3.0
Green Growth - Decarbonisation of DAERA Estate	0.3	0.5	4.0
Green Growth - Rural Decarbonisation	-	10.0	14.0
Green Growth Total	48.0	65.9	61.1
Programmes			
RDP (Environmental Farming Scheme)	1.3	8.1	-
RDP (Environmental Farming Scheme) EU	6.0	-	-
RDP LEADER	0.3	-	-
RDP LEADER EU	0.4	-	-
RDP Rural Tourism	0.3	-	-
RDP Rural Tourism EU	0.6	-	-
RDP Replacement	1.0	5.1	3.8
Fisheries - EMFF	1.4	0.1	-
Fisheries – EMFF EU	5.6	0.3	-
Fisheries Replacement	-	1.0	2.5

Capital Proposals	2022-23	2023-24	2024-25
	Executive Allocation £'m	Executive Allocation £'m	Executive Allocation £'m
TRPSI	2.1	2.0	1.5
Household Waste	2.0	1.8	1.0
Rural Broad Band - Project Stratum	10.3	-	2.1
Fisheries - Harbours Development	-	-	1.0
Loughs Agency	0.7	0.7	-
Programme Total	32.0	19.1	11.9
IT Systems			
Digital Transformation	18.4	18.4	17.1
NIFAIS	3.2	1.5	3.2
IT Systems Total	21.6	19.9	20.3
Research and Development			
AFBI	26.2	27.8	28.6
AFBI Income	(6.4)	(6.4)	(6.4)
AFBI Horizon	0.6	0.6	0.6
Collaborative and Other Research	2.0	1.9	1.5
Research and Development Total	22.4	23.9	24.3
Total	123.9	128.8	117.6
Complementary Fund - Whitespots Country Park	1.2	5.9	0.2
Gross Capital	125.1	134.7	117.8
Less EU Match Funding	(23.9)	(10.7)	-
Net Allocation	101.2	124.0	117.8

*Totals may not add due to roundings.

Green Growth

Agri-food (National - £11.1m / £18.4m / £16.6m) (EU - £9.5m / £7.9m / £Nil)

The agri-food investment profile is based on five key objectives, all of which will be consistent with and support the wider agri-food policy development. These include:

- a) **Animal Food Additives:** measures to develop and promote ruminant food additives which reduce enteric methane emissions in cattle including potential pilot research/technology projects.
- b) **Genetic Improvements:** a livestock genetics initiative to drive long-term productivity gains and a reduced carbon footprint.
- c) **Soil Management:** under this measure, soil nutrient and carbon content will be baselined across NI, which together with a Lidar scan, will provide a strategic platform from which interventions can be built to increase productivity, target environmental actions, improve nutrient management and efficiency and increase soil and above-ground carbon stocks.
- d) **Slurry Management:** this project will seek to test and pilot alternative uses for slurry by exploring the potential for using excess slurries for the production of bio-methane to be used as a decarbonised fuel for the gas grid network.
- e) **On-farm capital support:** this will seek to support on-farm investment in new technologies and modernised infrastructure which will improve productivity, resilience and environmental sustainability.

Included within the On-farm Capital Support objective is the current RDP Farm Business Improvement Scheme (FBIS). FBIS is an important part of the RDP, which aims to improve the competitiveness of the agri-food industry. Under this Draft Budget, allocations of £5.4m / £10.9m / £10.0m are proposed to FBIS. These allocations would be further supported by EU Match funding of £9.5m / £7.9m / £0m over the same period. This funding totalling £43.7m would allow DAERA to take forward existing and proposed tranches of Tier 1 and Tier 2.

Challenge / Innovation Fund (£12.4m / £13.6m / £12.0m)

A Green Challenge and Innovation Fund would encourage and support cross-cutting proposals that could potentially deliver significant outcomes for Green Growth. It would seek to use problems to drive solutions thereby growing our economy, aligning with Green Growth, Circular Economy, Environment Strategy, Sustainable Agriculture, Sustainable Transport and the 10X Economy Strategy, while reducing carbon emissions. In supporting innovation and de-risking work on proof of concept and commercial viability this fund will help deliver on the Climate Change challenge and Green Growth agenda for NI.

The proposal also includes a specific Agri-food Green Growth Challenge Fund which will be a way to encourage and support researchers, technologists and industry to work collaboratively to bring forward innovative solutions to address the challenges posed by the Green Growth agenda, including decarbonisation of the NI economy, improved environmental performance, and sustainable societal models.

Forestry and Nature (National - £6.0m / £7.5m / £8.0m) (EU - £1.8m / £2.5m / Nil)

This will be central to building ecological and climate resilience and will both support and benefit Green Growth. Healthy biodiversity and natural capital play a key role in regulating climate, reducing greenhouse gas emissions, sequestering carbon and building climate resilience, as well as a wide range of ecosystem services important to health, wellbeing and economic prosperity. Investment in this area will cover a range of interventions to enhance forestry and protect and restore natural ecosystems, both in DAERA's Forests and Country Parks and also in other areas of NI's landscape through third parties such as landowners and environmental non-government organisations.

- a) **Forests for Our Future** – this programme was announced in 2020 and aims to plant 18 million trees, creating 9,000 hectares of new woodland by 2030. Afforestation will play an important role in contributing to climate change mitigation and in particular to help achieve the UK Government's commitment for net zero carbon by 2050. The Committee for Climate Change recommends that NI needs to achieve around 900 hectares annually.
- b) **Natural Capital and nature-based solutions** - investment will support programmes to restore nature and underpin Green Growth. Key areas include:
 - I. Nature-based solutions: to ensure the extent and condition of ecosystems is enhanced to play a role in mitigating and adequately adjusting to climate change and to sequester carbon, in particular a programme for landscape scale peatland restoration;
 - II. Natural capital - protecting, enhancing and connecting habitats and species so that we can benefit from the wide range of health, economic and societal benefits they provide and better target efforts to address species of conservation concern; and
 - III. Connecting with nature - increasing the ability to access and enjoy the wellbeing benefits from our natural surroundings as well as encouraging valuing of our natural capital and respecting and acting responsibly towards it.

AFBI – Green Growth (£5.0m / £1.5m / £0.5m)

The AFBI Green Growth R&D capital platforms are an integrated solution to address data gaps and support a cohesive and targeted research programme that will provide a critical evidence base underpinning the setting, measurement and the delivery against policy and strategic targets.

The capital platforms investment and the required R&D capital investment, coupled with the wide portfolio of projects currently underway, will drive innovation, intelligence and an evidence base to implement on farms, inform policy and advance the implementation of holistic sustainability.

Blue Economy (£1.0m / £2.0m / £3.0m)

The NI marine area provides opportunities for green growth through a sustainable blue economy. Investment will support the transition to a low carbon economy, and the protection and enhancement of blue carbon habitats and the wider marine environment. These include:

- a) **Natural capital:** investment to protect and enhance blue carbon habitats and other natural capital assets including carbon stores, support healthy fish stocks, and provide opportunities for tourism and coastal economies;
- b) **Coastal adaptation:** developing green infrastructure in coastal areas and protecting coastlines from the risk of erosion and flooding will help preserve biodiversity and landscapes, while benefitting tourism and the coastal economy;
- c) **Sustainable blue economy:** investment to support the decarbonisation of fishing, processing and aquaculture sectors within the NI fishing industry;
- d) **Circular economy:** aimed at reducing the use of plastic and recycling of plastic waste and end of life vessels sustainably and with reduced risk to the marine environment; and
- e) **Sustainable aquaculture:** investment to support the identification, enhancement and development of sustainable aquaculture systems, including opportunities for novel aquaculture which contribute to climate change mitigation.

Circular Economy and Waste (£1.0m / £2.0m / £3.0m)

The last five years have seen significant achievements in recycling. NI has reached stretching domestic and European targets and the amount of material we recycle has overtaken the amount we throw away to landfill. However, our commitment to implementing a circular economy means new and even more challenging targets to increase recycling further and reduce waste going to landfill even more. To achieve the ambition of a society which maximises the use of resources and minimises waste we will need to:

- a) Invest in waste prevention - for example, innovation in the development of new products such as those which are entirely and easily recyclable;
- b) Encourage work across different sectors to keep materials in use as long as possible;
- c) Continue to invest to help our waste infrastructure to adapt to changing demands; and
- d) Introduce a deposit / return scheme and extend producer responsibility for packaging.

Decarbonisation of DAERA Estate (£0.3m / £0.5m / £4.0m)

Investments in the DAERA estate will assist the public sector to decarbonise and also achieve environmental improvements. It will also have a knock on effect of stimulating the wider market within NI. Potential initiatives that could be considered for investment include:

- a) Improving efficiency in buildings;
- b) Transitioning from fossil fuel driven heating and cooling systems to alternatives; and
- c) Installation of electric vehicle charging points across the estate to support and encourage the transition to electric vehicles.

Rural Decarbonisation (£Nil / £10.0m / £14.0m)

DAERA will support the development of smart villages with better internet and transport links. DAERA is partnering with DfE in Project Stratum and the roll-out of high speed broadband in rural areas. Other potential areas of work include:

a) **Green tourism**

This involves investment in tourism and a wide range of initiatives to support rural businesses. These will assist sustainable, green growth in rural areas, making them more attractive places in which to live and work.

b) **Home energy for rural dwellers**

In NI there is a higher historic reliance on solid and liquid fuels for the off-gas grid areas. Investment in this area will assist rural dwellers to decarbonise their domestic energy. However, it will take time and collaboration with other departments to be in a position to design and deliver schemes and also the pilots that will inform them.

Programmes

RDP (Environmental Farming Scheme) (National - £1.3m / £8.1m / £0m) (EU - £6.0m / £Nil / £Nil)

The EFS is a voluntary scheme designed to provide support to farmers for carrying out positive environmental management on their farms. The scheme is targeted at specific environmental needs, primarily related to biodiversity and water quality. The aims of the scheme are to:

1. restore, preserve and enhance biodiversity;
2. improve water management and water quality;
3. reduce soil erosion and improve soil management;
4. foster carbon conservation and sequestration in agriculture; and
5. reduce greenhouse gas and ammonia emissions from agriculture.

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.

RDP LEADER (National - £0.3m / £Nil / £Nil) (EU - £0.4m / £Nil / £Nil)

LEADER is a European Community Initiative for assisting rural communities in improving the quality of life and economic prosperity in their local area. Decisions on projects are made by local people about their own areas based on the premise that they are the ones who know best what their local area needs and what projects will best fill that need. The aim of the LEADER approach is to increase the capacity of local rural community and business networks to build knowledge and skills, innovate and co-operate in order to tackle local development objectives. This small allocation represents the residual funding for this programme.

RDP Rural Tourism (National - £0.3m / £Nil / £Nil) (EU - £0.6m / £Nil / £Nil)

The Rural Tourism Scheme aims to create unique and innovative visitor attractions in rural areas to encourage visitors to dwell longer and increase overnight stays. The Scheme invests in natural and built heritage projects that can act as a key driver for encouraging rural tourism and particularly out of state visitors whilst preserving the natural assets of the rural community. It is delivered with applicant councils and this small allocation represents the residual funding for this programme.

RDP Replacement (£1.0m / £5.1m / £3.8m)

This new funding programme will seek to replace various schemes delivered under the previous RDP including the Rural Business Community Fund, Rural Tourism and EFS. DAERA is currently consulting on the Future Agricultural Policy which will inform programmes in this area.

Fisheries (National - £1.4m / £0.1m / £Nil) (EU - £5.6m / £0.3m / £Nil)

This will allow DAERA to continue to take forward projects under the European Maritime and Fisheries Fund (EMFF) to help the fishing industry and coastal communities.

Fisheries Replacement (£Nil / £1.0m / £2.5m)

This new funding programme will replace the EMFF which was a six year Programme (2016-2022) which spanned the various areas of the fishing sector including harbours, processing factories, aquaculture businesses, fishing vessels and community-led local development. It also included support for Data Collection and Monitoring & Enforcement.

TRPSI (£2.1m / £2.0m / £1.5m)

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.

Household Waste (£2.0m / £1.8m / £1.0m)

This is to take forward the Household Waste Recycling Collaborative Change Programme to support the draft PfG and NI Waste Management Strategy by providing financial assistance to local councils to improve recycling services.

Rural Broadband – Project Stratum (£10.3m / £Nil / £2.1m)

This project to roll-out high speed broadband is being led by DfE and given the benefits in rural areas, DAERA proposes to provide Capital support in line with the agreed profile.

Fisheries – Harbour Development (£Nil / £Nil / £1.0m)

This Programme is due to comprise three development projects related to the fishery harbours at Kilkeel, Ardglass and Portavogie. Detailed preparation work will be taken forward over the next three years with the significant Capital expenditure due to be incurred after the current Budget period.

Loughs Agency (£0.7m / £0.8m / £0.7m)

This would allow the Agency to replace assets such as IT equipment and vehicles to maintain its existing level of service.

IT Systems**Digital Transformation (£18.4m / £18.4m / £17.1m)**

This would enable DAERA to deliver essential IT services and digital capability to enable the delivery of high priority Departmental strategic outcomes and wider NICS

outcome delivery plan targets as well as its Digital Transformation Programme. This represents the minimal investment required to facilitate the Department's digital enablement to deliver its full range of services in an efficient, information secure manner. It would provide better quality services, available 24/7 as far as practical to all citizens and ensure that the Department is remotely enabled to deliver its full range of digital services.

NI Food Animal Information System (NIFAIS) (£3.2m / £1.5m / £3.2m)

This funding is required to take forward the development and implementation of the Department's primary computer system for information on food-producing animals and their keepers on a technologically advanced platform. NIFAIS will also support VSAHG's delivery of its core business areas, particularly those of animal disease control, Identification, Registration and Movement and Trade in livestock. It will underpin the Department's regulatory role and support the wider industry through facilitating improved animal disease control, market access and data capture, sharing and analysis.

Research and Development

AFBI Expenditure (£26.2m / £27.8m / £28.6m) / AFBI Income (£6.4m / £6.4m / £6.4m)

Since 2015-16 AFBI scores all R&D staff and operating costs as well as associated income in Capital in line with Treasury guidance. This reflects the requirements in these areas.

AFBI Horizon (£0.6m / £0.6m / £0.6m)

Horizon 2020 is the main European funding programme for research and innovation. The programme aims to ensure that Europe produces world-class science, removes barriers to innovation and makes it easier for the public and private sectors to work together in delivering innovation. AFBI administers this programme on behalf of DAERA.

Collaborative and Other Research (£2.0m / £1.9m / £1.5m)

There is consensus across government, science, academia and industry that the greatest challenges facing the agri-food and forestry sectors are best fully understood and then met by means of sharing both knowledge and ideas within manageable consortia. R&D is an important policy tool available for government to develop robust evidence-based policy. This funding would support collaboration with government funders from other regions and countries to effectively lever additional scientific expertise.

Estate Transformation and Recurring Capital

DAERA's estate comprises of over 900 buildings across 243 sites and Capital funding is usually allocated each year to undertake smaller building improvements and refresh plant, vehicles and scientific equipment. Although there is no funding allocated to this area out of the £101.2m / £116.0m / £109.8m Draft Budget proposals, the Department will continue to press for additional funding to take these forward at Final Budget, future Budget exercises and at in-year Monitoring Rounds.

Conclusion on Capital DEL

Whilst DAERA has been successful in securing £101.2m / £116.0m / £109.8m over the next three financial years, which will lever in a further £34.6m from the EU over this period, more funding would have helped enhance the allocations to Green Growth, Programmes, Estate Transformation and Recurring Capital in particular. The Department will continue to engage with DoF to secure additional funding as part of the Final Budget process and would welcome support for this action from our stakeholders in their responses to DoF's consultation.

EQUALITY AND RURAL NEEDS IMPACTS

Equality

DAERA is fully committed to the fulfilment of its statutory equality obligations, and in line with the requirements of Section 75 of the Northern Ireland Act 1998, will ensure that all new policies and proposals are subject to a rigorous equality screening process.

The Department's Equality and Disability Duties Screening Template has been completed in relation to the Draft Budget 2022-25 proposals for DAERA and the proposals have been screened out. Further information is set out in the completed template at Appendix A.

Rural Needs

Rural Proofing has been a requirement for all Government Departments in NI since 2002 and has been an integral part of the policy development process. In 2016, this commitment to rural proofing was strengthened with the introduction of the Rural Needs Act (Northern Ireland) 2016. The Act received Royal Assent on 9 May 2016 and came into operation for the Government Departments and District Councils on 1 June 2017. DAERA is the lead Department for this Act.

There are three main areas of responsibility for public authorities under the Act and these relate to the consideration of rural needs; monitoring and reporting on how the public authority has complied with this requirement; and co-operation and sharing of information with other public authorities.

All of the Department's Resource and Capital expenditure proposals requiring rural proofing have been subject to scrutiny through the process of completing a High Level Impact Assessment (HLIA). The majority of Resource and Capital proposals are primarily aimed at rural dwellers and would have a positive impact on their social and economic needs.