



UAS Response to Budget Consultation

Roger Downey
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Dear Mr Downey,

DARD Draft Budget 2015-16 Consultation

This response to the DARD Draft Budget Consultation is submitted by the Ulster Arable Society, a membership organisation which represents the interests of growers, processors and the supply industry servicing the arable sector. The sector accounts for 8% of the output of Northern Ireland agriculture and utilises some 50,000 hectares to deliver £70 - £80m of output while providing a significant proportion of the inputs to the local animal feed and fresh food sectors. The UAS Strategy for the Development of the Arable Sector in Northern Ireland published in 2013 identified further growth potential within the sector of £21.3m per year by 2020.

As well as this major contribution to the Northern Ireland economy in its own right, the sector also underpins the sustainable intensification of the livestock sector through the production of feed inputs and the parallel use of excess nutrients from those enterprises. The sector is therefore an important element in the delivery of the Department's aim of promoting sustainability and balancing economic and environmental needs.

We find much of the consultation document lacking in detail and this makes the practical significance to the sector difficult to identify. In making this response we have generally restricted our input to those aspects for which we have the relevant experience and understanding. We would also like to make the point in response to the Department's statement on CAP Reform that 'The agreement reached secured positive outcomes for the local industry', that there are absolutely no 'positive outcomes' for the arable sector in these proposed reforms.

We are very mindful of the considerable savings already delivered by the Department and are concerned at the level of additional saving being demanded. These savings seem to us to be at odds with the frequent statements of support, for the agrifood industry and its Going for Growth strategy, emerging from the Executive.

Q1. Do you agree the Department's proposals for additional current expenditure (TB Compensation, CAP Disallowance, CAP Reform Area Based Delivery, Going for Growth)?

While we accept the need for the Department to make provision for expenditure such as the compensation of farm businesses subject to TB breakdowns, we believe this allocation highlights the disparity between the treatment for livestock and plant disease. No compensation is payable for the latter. It is also apparent from the Consultation that once again greater emphasis is being placed on control of livestock diseases with negligible emphasis on plant health. We see no funding allocated to the Going for Growth recommendation to rapidly progress an all island plant health strategy. (Action No 100).

Of the four items to which this £19.6 of funding is being allocated only the £1 m assigned to Going for Growth has the potential to impact positively on the arable sector. While we welcome this £1m allocation, we do so with some hesitation, since no information has been provided on precisely how this funding will be used, and upon which we might make a judgement of the possible benefit to the arable sector. We understand that as a Current Expenditure this relates to staff costs and as such appears to be an enormous staff expenditure to deliver the sole tangible output we can identify of a derisory allocation of £2m capital for the Business Improvement Scheme in 2015 / 16.

We are also extremely concerned that approximately 1/3 of the funding is to be used for "CAP Reform Based Scheme Delivery". This is coupled with an allocation of £5.3m capital expenditure on IT systems for this same process – an astonishing total expenditure of £11.6 m in one year! All this raises questions about the expenditure profile for subsequent years, since IT expenditure and the move to a more digital interface with the industry, must be justified by delivering real and quantified staff savings which presumably are itemised within the business case for this investment? We believe that in view of this huge expenditure the business case needs to be placed in the public domain before the expenditure is sanctioned.

While this investment in CAP Reform delivery processes may bring benefit to grassland enterprises, the arable sector through the greening and EFA requirements will carry the brunt of the environmental obligations imposed on the entire industry.

Finally we find it difficult to accept the inevitability of continuing funding disallowance linked to DARD distribution of EU funds, bearing in mind the huge investment in IT systems and staff time to improve these processes.

Q2. If not, how do you propose we meet these ongoing expenditure requirements?

Without additional explanations and publication of the business cases we do not believe that we can give our unqualified support to the expenditure on the CAP Reform Delivery or £1m staff allocation to Going for Growth, and question the continued allocation of funds to cover disallowance payments.

Q3. What alternative proposals would you make for additional current expenditure?

We believe that additional resource needs to be allocated to plant health – both in front line staff and policy activity to rapidly progress an all island plant health strategy and implementation plan.

There seems to be an inverse correlation between Departmental activity and the need to pay compensation for disease outbreaks. Perhaps if compensation was payable for plant health loss then Departmental activity might better reflect the economic impact on industry!

Q4. Do you agree with the allocation of £34.4m of capital as set out in paragraph 46 of the Consultation Document?

The detail of this document is insufficient to permit meaningful comment in all but a few areas.

We have very considerable concerns about expenditure associated with DARD office relocations and the implications of this on other resources and services, particularly at a time of such financial constraint. We see this as an unjustifiable extravagance with no sound reason linked to improved business efficiency or enhanced service delivery. This is especially true of the transfer of DARD Headquarters to Ballykelly which is at an early stage in the delivery process and should be postponed until such time as surplus funds become available. Furthermore we need to be assured that the opportunities for innovative funding arrangements involving the private sector, which could reduce the demand on scarce public funds, have been fully explored

We also believe that it is unacceptable to use scarce executive funding to deliver 2007 – 13 RDP and Interreg programmes which have overrun the period for EU funding. Good management should have ensured these were delivered within the original timeframes without the need for this additional funding.

We note in Par 28 that DARD wants to work “with partners to improve access and facilities for the public, including the development of better caravanning and camping facilities and other recreational pursuits in the forest estate.” We can see the benefit of this proposal to tourism and economic development in local towns but believe that funding for such development should not come from DARD resources but from tourism or local Council funding sources.

By cancelling these items and further curtailing recurring capital expenditure, as itemised in Table 3, as would be done by any farm business in such circumstances, savings of around £10 m could be allocated to more productive functions such as early implementation of the Going for Growth actions.

Q5. What alternative or additional proposals would you make for capital expenditure?

In reallocating this capital expenditure we would –

1. Restore and enhance arable research facilities at AFBI Hillsborough or other suitable location to the level provided 15 years ago.
2. Assign increased funds to the Business Improvement Scheme to enable earlier roll out. The current proposals suggest that the main scheme will not be rolled out until at least the 2016 /17 year by which time some growth opportunities will have been lost.

Q6. Do you agree the Department's proposals for the amounts and balance of savings between cost reductions, staff reductions, raising additional revenue, and scaling back programmes?

Scaling Back programmes.

We are pleased to note that this proposal talks only of scaling back programmes and not cessation – a statement which will provide some comfort to sectors which are currently serviced by very small research programmes and to the arable research teams rumoured to be under threat of closure. Our members are strongly of the view that within the arable sector, the research (AFBI) and knowledge transfer (CAFRE) resource devoted to this sector is at the minimum level required to sustain the sector and help it meet future challenges. We therefore cannot support any reduction in that resource and suggest that any scaling back should take place in larger research teams which have greater resource capacity from which to deliver savings while still maintaining core capability.

We can identify five major research teams devoted to research on arable crops which have been dismantled over the past 15 years, including a major centre of excellence on crop production at ARINI Hillsborough. Dismantling these teams are estimated to have already delivered savings of at least £1m per year.

Staff Reductions.

With staff cost making up such a high proportion of the non-capital running costs of the Department, a reduction in staff numbers is essential if the target savings are to be achieved. The consultation is silent on how this process will be managed and the staff selected for redundancy / severance. We believe that it is critically important that the process is managed in a strategic way with criteria established to ensure that key skills are retained and reductions are linked to structural realignment in line with industry needs. Front line technical staff must be retained and areas of scientific expertise protected. At the same time, restructuring should ensure management tiers are reduced and spans of command increased to minimise management costs.

Cost reductions .

In virtually every advanced Government throughout the world, carefully managed private sector contracts have been shown to increase value for money and reduce waste. It also concentrates scarce public sector resources on “public good” and statutory functions for which it has the appropriate structure and cultural values. The Executive has an objective of developing the private sector, so programme delivery through private sector agencies engaged through well managed and clearly defined contracts with specific performance criteria, must be prioritised. In-house delivery is in many cases the easy option for programmes which have not been clearly thought through when initiated. Local delivery agents put funding back into

the local communities and develop community competence to reduce the size of the public sector in the long term – a key Executive priority.

Research reduction.

We note the intention to reduce AFBI AWP funding by £3 m per year through a robust review of research priorities. At the same time AFBI is being expected to generate increased income by £2m per year.

We support this initiative to achieve an additional £2m income generation and assuming it can be delivered, we accept that this £3m reduction represents a 7% decrease in AWP funding and as such, falls below the overall DARD savings of 15%. We hope that this is a recognition of the vital role research plays in sustaining and growing the industry.

We have already said that, in our opinion, the arable research capacity is at rock bottom and can withstand no further reduction. We are however concerned that in the wider “robust review of research priorities” decisions may be taken on a basis which is not linked to the needs of the industry – for example simply because programmes are small or staff are of retiring age. We therefore are very keen to see a public declaration of the criteria and processes used in this review.

We suggest that these criteria must include the essential question –“why does this research work need to be undertaken within Northern Ireland”. This criterion has been very notable by its omission from recent stakeholder discussions of the E&L strategy. It is separate from and different to the “needs of the industry” which is obviously paramount. It is intended to give lower priority to work which is laboratory based and can be bought in from elsewhere. Crop and soil related work must however be undertaken in NI because of the unique climate and soil profiles in this region.

Research priorities.

With a reduced research budget it becomes even more important to have meaningful engagement with industry in identifying and prioritising research which meets industry needs. The Societies’ view is that the current process, while well intentioned, is somewhat superficial. It does not provide for industry input early enough in the process nor does it deliver progress reports throughout the research delivery phase.

Q7. If not, how would you effect £29.9m of savings?

We believe the general approach is correct but are concerned at the absence of detail in the information provided which prevents our general endorsement.

We note the intention in Par 34 to invest in and modernise elements of the DARD estate. We believe that there should be a rigorous review of the size and nature of that entire DARD estate to identify elements which could be rationalised and the excess disposed of to raise capital funds.

Q8. Do you agree I should argue for additional funding?

Yes. We are however very aware of the overall context of expenditure constraint in all aspects of the public sector and therefore suggest that funding should be

requested only for items linked closely to the specific delivery of the Going for Growth strategy with its potential to deliver economic growth for the Northern Ireland economy..

Q9. If so, what areas should command a priority for additional funding?

We believe that a bid for £10 m rather than just £2m for the Going for Growth Business Improvement Scheme could be successfully delivered to industry within the 2015 / 16 year and justify the £1m allocation of staff resource to that programme.

I trust that the Minister and her officials will give this letter careful consideration in finalising the Executive and DARD budgets for 2015 / 16.

Yours sincerely

Robert L Moore. Chairman Ulster Arable Society