

**FURTHER DETAILS ON DRAFT BUDGET 2021-22 OUTCOME FOR THE
DEPARTMENT OF AGRICULTURE, ENVIRONMENT AND RURAL AFFAIRS**

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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.***

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INTRODUCTION

On 18 January 2021 DoF published a Draft Budget document for 2021-22 which set out the Northern Ireland Executive's proposed spending plans across all departments. This can be accessed in the following link.

<https://www.finance-ni.gov.uk/consultations/budget-consultation>

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 2021-22 £544.2 million Resource DEL and £95.5 million Capital DEL outcomes 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.

Given the Spending Review outcome for Northern Ireland, everyday expenditure is standing still and there is no additional Block funding for DAERA. However, the Department has been able to secure additional funding from HM Treasury (HMT) for the work on EU Exit as well as Water Reform and Climate Change Initiatives. This will allow DAERA to take forward crucial work in these areas.

However, there are significant shortfalls on both Resource DEL and Capital DEL and the 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 the Bovine TB Eradication Strategy 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 2021. 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 25 February 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:

1. What services would you prioritise?
2. Are there services we should stop or reduce?
3. Are there ways of raising revenue?
4. How can we reduce demand for services?

5. How do we balance public sector pay against other priorities?
6. Have you any other views for discussion?

Comments on the draft Budget 2021-22 and Section 75 issues can be submitted via the following 2 ways:

- Submit your responses online at: www.finance-ni.gov.uk/consultations/budget-consultation
- Email your responses to: budgetconsultation@finance-ni.gov.uk

The deadline for responses is Thursday 25 February 2021.

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 a pivotal role in delivering the following eight of the nine outcomes of the draft Programme for Government (PfG) which is currently out for consultation by The Executive Office:

- We live and work sustainably – protecting the environment;
- Our children and young people have the best start in life;
- 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 outcomes that fall directly under DAERA's areas of responsibility, as well as those to which the Department contributes, are very significant in relation to the NI economy. 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.

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.

EU Exit

The NI agri-food sector is more exposed to the potential consequences of EU Exit than other parts of the UK. As the lead NICS Department on food supply and agri-food trade, DAERA is, and will continue to be, heavily impacted. DAERA has prioritised EU Exit transition work and continues to plan for a range of scenarios. This will help the sector in managing the risks and taking the opportunities that arise as a result of the UK's departure from the EU which provides 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.

This represents a unique opportunity to develop a new dynamic for key stakeholders across the food, agricultural and environmental spectrum to work with the NI government to chart a new way forward with common purpose. For this to be successful, it is vital that the long-term outcomes of productivity, resilience, environmental sustainability and supply chain functionality are kept to the fore, which will demand difficult choices, compromises and strong leadership at all levels. DAERA anticipates launching a new Future Agricultural Policy Framework for NI in early 2021.

Environment

NI's environment is one of its most important assets and is crucial to every person affecting health and wellbeing, the economy and particularly rural tourism, facilitating outdoor recreation and social interaction. The growing public and media awareness on land use and marine issues has highlighted the huge pressures facing the environment and DAERA is identifying measures necessary to address these. 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. Actions are needed now to address these challenges holistically which would assist in the reversal of the downward decline in environmental quality, deliver against national and international commitments and build a sustainable future.

The draft PfG and the New Decade New Approach (NDNA) documents have made important commitments to improve the environment and increase sustainability and much cross-cutting work is underway to make this happen. DAERA co-ordinates climate change actions on climate mitigation and adaptation through a range of established and new structures. It is also progressing the development of legislation to meet the NDNA commitment of introducing legislation and targets for reducing carbon emissions. In addition DAERA is working towards the NDNA commitment to eliminate plastic pollution.

In line with the current PfG Outcome on the environment, work continues to improve waste prevention, reuse and recycling to meet the 2035 target of 65% of municipal waste to be recycled and a reduction of waste to landfill to 10% or less. Funding will also continue to be invested in order to help stimulate these sectors, raise awareness

and enact behaviour change which will help NI to move to a low carbon circular economy.

The Minister announced his plans for Green Growth to the Assembly in June 2020, including plans to plant 18 million trees by 2030 to help tackle climate change and address other environmental challenges. This initiative is the first Green Growth Foundation Programme and further Programmes are expected to follow on waste, agriculture and natural environment as well as with other departments on clean energy for power, transport and heat.

As the lead Department on the environment, DAERA will drive this strategy across the NICS. Successful delivery will rely on collaboration across Government and stakeholders, ensuring there is a shared understanding of the interconnected policies, strategies and programmes that contribute to agreed outcomes and act as a conduit for capturing and reporting against them.

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 working with the Department for the Economy providing funding for Project Stratum to provide access to high speed broadband in rural areas.

COVID-19

In 2020-21 DAERA has provided financial support during the COVID-19 pandemic, with schemes for the farming and fisheries sectors as well as for Councils' waste costs associated with higher collection, treatment and disposal costs.

In April 2020, DAERA's Minister announced a temporary support package for the sea fisheries sector costing £1.5 million. In May 2020, the Executive agreed an allocation of £25 million to DAERA for market interventions in the Agri Food sector. This was the most comprehensive allocation made by any UK or EU administration for the agriculture and horticulture sectors during the Coronavirus emergency. It was based on a very strong economic rationale for providing financial assistance to agricultural and horticultural businesses, to enable them deal with short term disruptions that would substantially impact on otherwise viable businesses. The Executive has also provided £15.2 million of support for Councils.

In addition DAERA has contributed £2.3 million Capital to the Town Centre and Rural Settlements Revitalisation Programme being led by the Department for Communities. This funding is helping rural settlements with a population below 5,000 recover from the impacts of COVID-19.

RESOURCE DEL

The Executive's Draft Budget allocates £544.2 million to DAERA as set out below.

Draft Budget Resource DEL Outcome	£m
Opening rolled over baseline	205.4
EU Replacement Funding - Pillar 1, Pillar 2 & CMO	315.6
EU Replacement Funding - Fisheries	3.1
EU Exit Staff Costs	18.8
INTERREG National Funding	1.1
Total	544.2

Totals may not add due to roundings

DAERA now has confirmation of replacement Pillar 1, Pillar 2 and Common Market Organisation (CMO) funding of £315.6 million and Fisheries funding of £3.1 million. While this provides a significant degree of certainty – particularly in relation to Direct Payments - it is disappointing that the £315.6 million allocated by HMT falls short of the £330 million in the Manifesto Commitment. This is because £14.4 million projected EU Funding for next year has been netted off the Manifesto Commitment by HMT.

Both HMT and the Executive have also decided not to allocate the £5.1 million required to cover the funding that DAERA will no longer have access to from the EU Fund for Disease Eradication. This funding contributes to the costs of Tuberculosis testing which plays a major role in the NI TB Eradication Programme and when added to the above £14.4 million, there is a shortfall of £19.5 million in EU replacement funding. This will affect DAERA's ability to explore new options and measures in a future NI agricultural policy framework. DAERA continues to liaise with DoF, Defra and HMT on this matter.

Following the UK's exit from the EU, DAERA is required to undertake a range of responsibilities and functions that are being repatriated from Brussels as agriculture, the environment, fisheries, forestry and rural development are all devolved matters. Even in reserved matters, such as trade and migration, DAERA needs to have a level of analysis and input that was not previously needed. Successfully managing transition post EU Exit, including our requirements under the NI Protocol, provides a significant challenge for the Department.

To help manage these requirements, the Executive has agreed to reinstate the £18.8 million non baseline EU Exit funding that DAERA received in 2020-21. A further £7.1 million funding has not been formally allocated at the Draft Budget stage, but is part of 'Anticipated' Protocol funding from HMT that will be allocated to DAERA for next year. The total £25.9 million provides sufficient funding to cover the existing 319 EU Exit Full Time Equivalent (FTE) staff in post. However it is £2.8 million less than the full year costs of the projected 475 FTE staff required in 2021-22 totalling £28.7 million. This will be kept under review as the Department progresses through 2021-22. Further staffing requirements and costs are required to manage the EU Exit work at the ports and these are being managed separately with DoF and HMT.

The Department has identified a range of Strategic Environmental Programmes (SEP) which will help take forward its work on the draft PfG and NDNA documents. The SEP 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 NI's environment and people engaging them with nature. It will also help to address the current climate change and ecological emergencies and build a sustainable future both locally and globally. To help take this forward £2.0 million 'Anticipated' Protocol funding from HMT is due to be allocated to DAERA against the projected £2.5 million requirement for next year. However, this has not yet been formally allocated at the Draft Budget stage.

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 the Special European Union Programmes Body (SEUPB). Projects will continue to drawdown monies until 2023-24 and the £1.1m represents the National requirement that has been allocated to DAERA for 2021-22.

In 2018-19 and 2019-20 the Tackling Rural Poverty and Social Isolation (TRPSI) Programme was funded under Confidence and Supply (C&S) allocations. Although the Executive continued to fund this in 2020-21, 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; 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. Although this £1.8 million funding has not been formally allocated at the Draft Budget stage, it is part of 'Anticipated' C&S Funding that will be allocated to DAERA for next year.

In addition to the funding gaps identified above, DAERA has a range of other pressures which have not been funded by the Executive at Draft Budget Stage. A summary of the above gaps after taking account of the 'Anticipated' funding is set out below along with these other pressures.

Summary of Resource DEL Shortfalls	£m
EU Replacement Funding - Pillar 2	14.4
EU Replacement Funding - EU Fund for Disease Eradication	5.1
EU Exit Staff Costs	2.8
Strategic Environment Programmes	0.5
Total Funding Gaps	22.8
Pay Inflation	1.7
Carrier Bag Levy Income	1.4
Environment Fund	1.2
Bovine TB Eradication Strategy	4.2
Operational Costs	2.6
Total Other Pressures	11.1
Total Shortfalls	33.9

Pay Inflation (£1.7 million)

The Department has a Resource budget for staff costs of £153.7 million (DAERA £132.6 million and AFBI £21.1 million) and given that over 74% of the baseline Resource Budget of £205.5 million relates to staff costs, the ability of DAERA to generate further savings is very limited. The Department has been operating within a strict headcount model against a backdrop whereby DAERA has been focused on a huge range and volume of EU Exit work 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.

Carrier Bag Levy Income (£1.4 million)

Carrier Bag Levy (CBL) income has reduced over the last number of years and the most recent projections have identified an income pressure of £1.4 million. The ongoing reduction in levy income is due to a number of factors including continued reduction and almost eradication in the use of cheaper single use bags. This income is used to support a range of environmental projects.

Environment Fund (£1.2 million)

The Environment Fund is a key delivery mechanism through which DAERA secures delivery of strategic environmental outcomes through the provision of grant aid and partnership working with the voluntary sector and councils. In particular the Fund aims to protect and enhance our habitats, health, well-being and water quality.

Bovine TB Eradication Strategy (£4.2 million)

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 NI. 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. This investment will assist in ensuring that we continue to have market access for our animals and animal products post EU Exit. 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.

Operational Costs (£2.6 million)

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 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. The additional funding would help ensure that all existing legal and contractual commitments are met and that additional IT costs as a result of staff working from home are covered.

Conclusion on Resource DEL

Whilst DAERA has been successful in securing additional EU Replacement funding, the reinstatement of funding from 2020-21 and additional Protocol funding from HMT, the above table shows that there is a significant shortfall next year totalling £33.9 million. The Department will continue to engage with DoF to secure additional funding as part of the Final Budget process for EU Replacement Funding, the Environment and the Bovine TB Eradication Strategy 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 £95.5 million net allocation would allow DAERA to take forward priority investment in Programmes (£48.1 million), IT Systems (£21.6 million), Estate Transformation (£3.8 million) and Research and Development (R&D) (£22.0 million). When £35.0m EU funding is included (mainly from the Rural Development Programme (RDP)), the Department would be taking forward £130.5m Capital in total next year.

Key Outcomes

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

Capital Proposals			
Description	Executive Allocation £m	EU Allocation £m	Total £m
Programmes			
RDP (Farm Business Improvement Scheme)	5.8	9.9	15.7
RDP (Leader)	4.3	7.4	11.7
RDP (Environmental Farming Scheme)	1.4	4.2	5.6
RDP (Rural tourism)	1.5	2.5	4.0
RDP (Forestry)	0.9	2.5	3.4
Rural Business and Community Fund	2.0	-	2.0
Fisheries - EMFF	1.0	2.9	3.9
INTERREG	1.0	5.6	6.6
Green Growth Foundation Programmes	15.6	-	15.6
TRPSI	3.0	-	3.0
Household Waste	3.5	-	3.5
Rural Broadband - Project Stratum	7.5	-	7.5
Loughs Agency	0.6	-	0.6
Programme Total	48.1	35.0	83.1

Capital Proposals			
Description	Executive Allocation £m	EU Allocation £m	Total £m
IT Systems			
Digital Transformation	19.4	-	19.4
NIFAIS	2.2	-	2.2
IT Systems Total	21.6	-	21.6
Estate Transformation			
AFBI - Animal Health Sciences Building	3.8	-	3.8
Estate Transformation Total	3.8	-	3.8
Research and Development			
AFBI	26.2	-	26.2
AFBI Income	(9.3)	-	9.3
AFBI Horizon Funding	0.6	-	0.6
Collaborative and Other research	3.5	-	3.5
Climate Change R&D	1.0	-	1.0
Research and Development Total	22.0	-	22.0
Net Capital	95.5	35.0	130.5

Totals may not add due to roundings

Programmes

RDP Farm Business Improvement Scheme (FBIS) (£5.8 million National plus £9.9 million EU totalling £15.7 million)

FBIS is an important part of the RDP, which aims to improve the competitiveness of the agri-food industry. Tier 1 includes on-farm investment projects from £5,000 to a maximum of £30,000 project costs, and is aimed primarily at encouraging farmers to invest in equipment and machinery that will improve the sustainability of their businesses. The scheme includes a package of measures aimed at knowledge transfer, cooperation, innovation and capital investment to support sustainable growth in the agriculture sector. Tier 1 of FBIS aims to improve the competitiveness and sustainability of NI's farm businesses by providing grants for capital investment across four key themes:

1. Environment, Weather Resistance and Climate Change;

2. Animal and Plant Health;
3. Occupational Health and Safety; and
4. Production and Resource Efficiency.

Tier 2 provides for on-farm investment projects in excess of £30,000 project costs (to a maximum available grant of £250,000) based on a robust farm business plan. Its focus is to drive transformational capital investment in assisted farm businesses.

This funding would allow DAERA to take forward the third tranche of Tier 1 as well as completing the first tranche of Tier 2.

RDP LEADER (£4.3 million National plus £7.4 million EU totalling £11.7 million)

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. LEADER aims to improve the quality of life in rural areas by supporting a wide range of projects including:

- Rural Business Investment Scheme - support for investments in creation and development of non-agricultural micro and small business activities;
- Rural Basic Service Scheme - support for investments in the setting up, improvement or expansion of local basic services for the rural population including leisure and culture, and the related infrastructure; and
- Village Renewal Scheme - support for drawing up and updating of plans for the development of municipalities and villages in rural areas and their basic services and of protection and management plans relating to Natura 2000 sites and other areas of high nature value.

This funding would allow DAERA to take forward a range of these projects in 2021-22 in conjunction with the ten Local Action Groups (LAGs).

Environmental Farming Scheme (EFS) (£1.4 million National plus £4.2 million EU totalling £5.6 million)

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 of the next tranche of the scheme to carry out activities to bring environmental benefits to farms.

Rural Tourism (£1.5 million National plus £2.5 million EU totalling £4.0 million)

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 the funding is projected to support ten projects in 2021-22.

Forestry (£0.9 million National plus £2.5 million EU totalling £3.4 million)

Support for woodland expansion and the management of existing woodland under the RDP Forestry Grant Schemes is designed to provide both woodland owners and the general public with a wide range of benefits obtained from ecosystems. These services include:

- social / health benefits related to public access to forests, particularly those close to settlements;
- environmental benefits such as carbon capture (sequestration), protection and conservation of biodiversity, improved water quality and flood mitigation; and
- economic benefits such as timber / wood production and tourism businesses.

This scheme encourages woodland creation to help landowners to plant their own native woodlands and contribute to DAERA's first foundation programme under Green Growth, Forests For our Future, which aims to plant 18 million trees in ten years.

Rural Business and Community Fund (£2.0 million)

This Programme is in place to develop a replacement programme of work for EU funding under the LEADER Priority 6 of the RDP post EU Exit. The funding would provide support for capital investments in creation and development of non-agricultural activities in rural areas for all micro businesses to become more innovative and grow and may create new jobs.

It would provide funding to improve efficiency and innovation in the micro food business sector as well as provide rural dwellers with employment skills to enhance employment opportunities. It would also provide access to basic services or improvements in social infrastructure in rural areas by bringing rural halls up to standard and provide mentoring support to community volunteers.

In addition it would provide financial support to revitalise rural villages and provide infrastructure to allow them to benefit to the maximum from new high speed broadband being implemented under project Stratum and become 'Smart villages'.

Fisheries (£1.0 million National plus £2.9 million EU totalling £3.9 million)

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.

INTERREG (£1.0 million National plus £5.6 million EU totalling £6.6 million)

As noted above 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. Projects will continue to drawdown monies until 2023-24.

Green Growth Foundation Programmes (£15.6 million)

The Department is working on potential schemes and projects which would fall under a Carbon Neutral Programme with the aim of working towards the UK target of Carbon Neutrality by 2050.

TRPSI (£3.0 million)

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 (£3.5 million)

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

Rural Broadband (£7.5 million)

Project Stratum is being led by DfE and given the benefits in rural areas, DAERA proposes to provide Capital support each year.

Loughs Agency (£0.6 million)

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 (£19.4 million)

This would enable DAERA to deliver essential IT services and digital capability to support established programmes as well as its Digital Transformation Programme

NIFAIS (£2.2 million)

This funding is required for the projected costs in the NIFAIS contract, the APHIS Supplemental Agreement and programme staff salaries.

Estate Transformation

AFBI – Animal Health Sciences Building (£3.8 million)

This covers the initial elements of the construction of the Animal Health Sciences Building at AFBI's Stoney Road site.

Research and Development

AFBI R&D Expenditure (£26.2 million) and R&D Income (£9.3 million)

Since 2015-16 AFBI has been able to score all R&D staff and operating costs as well as associated income in Capital instead of Resource. This reflects the requirements in these areas.

AFBI Horizon Funding (£0.6 million)

Horizon 2020 (H2020) 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 (£3.5 million)

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, thereby increasing the research capacity available for the Department to meet its needs.

Climate Change R&D (£1.0 million)

The Climate Change R&D programmes seek to provide an extension of the existing Collaborative Research Programme and to expand the programme to introduce new collaborative partnerships with funders both within and outside the UK. DAERA is currently implementing a Science Transformation Programme which aims to ensure that the science DAERA secures and uses is innovative, collaborative and transformative and will support a healthy and sustainable economy, environment and rural community.

This programme aligns with the environmental draft PfG outcome and will contribute to the Executive's commitment in the NDNA to deliver an enhanced North / South programme of research and innovation and the establishment of an all-island research hub. The R&D delivered through this programme will also contribute to the Green Growth target to achieve net zero GHG emissions by 2040 and for our sensitive habitats, critical levels of ammonia concentrations and critical loads of nitrogen are not exceeded.

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 £95.5m Draft Budget allocation, the Department will continue to press for additional funding to take these forward at Final Budget and at in-year Monitoring Rounds.

Conclusion on Capital DEL

Whilst DAERA has been successful in securing £95.5 million which will lever in a further £35.0m from the EU, more funding would have helped enhance the allocations to Green Growth Foundation 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 Human Rights Screening Template has been completed in relation to the Draft Budget 2021-22 proposals for DAERA. As these represent a standing still position in comparison to the Final Budget 2020-21 there are no new major areas of funding or reductions which would result in new positive or negative impacts. The proposals have therefore 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.