



2012-13

Resource Accounts

For the year ended 31 March 2013



Department of
**Agriculture and
Rural Development**

www.dardni.gov.uk

AN ROINN

**Talmhaíochta agus
Forbartha Tuaithe**

MÁNNYSTRIE O

**Fairms an
Kintra Fordèrin**

Annual Report and Accounts for the year ended 31 March 2013

Department of Agriculture and Rural Development Resource Accounts For the year ended 31 March 2013

*Laid before the Northern Ireland Assembly by the Department of Finance
and Personnel under section 10(4) of the Government
Resources and Accounts Act (Northern Ireland) 2001*

on

28 June 2013

Annual Report and Accounts for the year ended 31 March 2013

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ANNUAL REPORT

Directors' Report

Boundary

The Department of Agriculture and Rural Development (DARD) presents its accounts for the financial year ended 31 March 2013.

These accounts comprise a consolidation of the income and expenditure, and the assets and liabilities of those entities falling within the departmental resource accounting boundary as follows: -

- Core Department
- Rivers Agency
- Forest Service Agency

Appendix 1 contains a full list of bodies for which DARD had lead responsibility during the financial year 2012-13, and identifies a list of all those bodies for which the costs have also been consolidated within the accounts.

Departmental Reporting Cycle

DARD's Public Expenditure proposals are considered as part of the Northern Ireland (NI) Budget process, the outcome of which is contained within the Budget document published by the Department of Finance and Personnel (DFP). DARD's progress against Programme for Government 2011-15 Commitments is reported upon in the Operating Review.

More detailed information in relation to the annual resource and cash requirements is contained within the Main and Supplementary Estimates documents published by DFP.

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Departmental Board

The Department is headed by its Permanent Secretary, who in 2012-13 was supported by a Departmental Board (DB) of six senior officials and two Independent Non-Executive Board Members (IBMs). The composition of the Board was as follows:

Mr N Lavery	Permanent Secretary from 1 March 2013.
Mr G Lavery	Acting Permanent Secretary until 28 February 2013. Senior Finance Director from 1 March 2013.
Dr M Browne	Central Policy Group (responsible for Policy and Economics; Food, Farming and Environmental Policy; Animal Health and Welfare Policy; Fisheries, Climate Change & Renewable Energy; and Science, Evidence and Innovation Policy).
Miss W Johnston	Acting Senior Finance Director until 28 February 2013.
Mr D Trelford	Human Resources Director.
Mr G Wilkinson	Finance Director.
Mr D Russell	Independent Board Member.
Mr F Caddy	Independent Board Member.

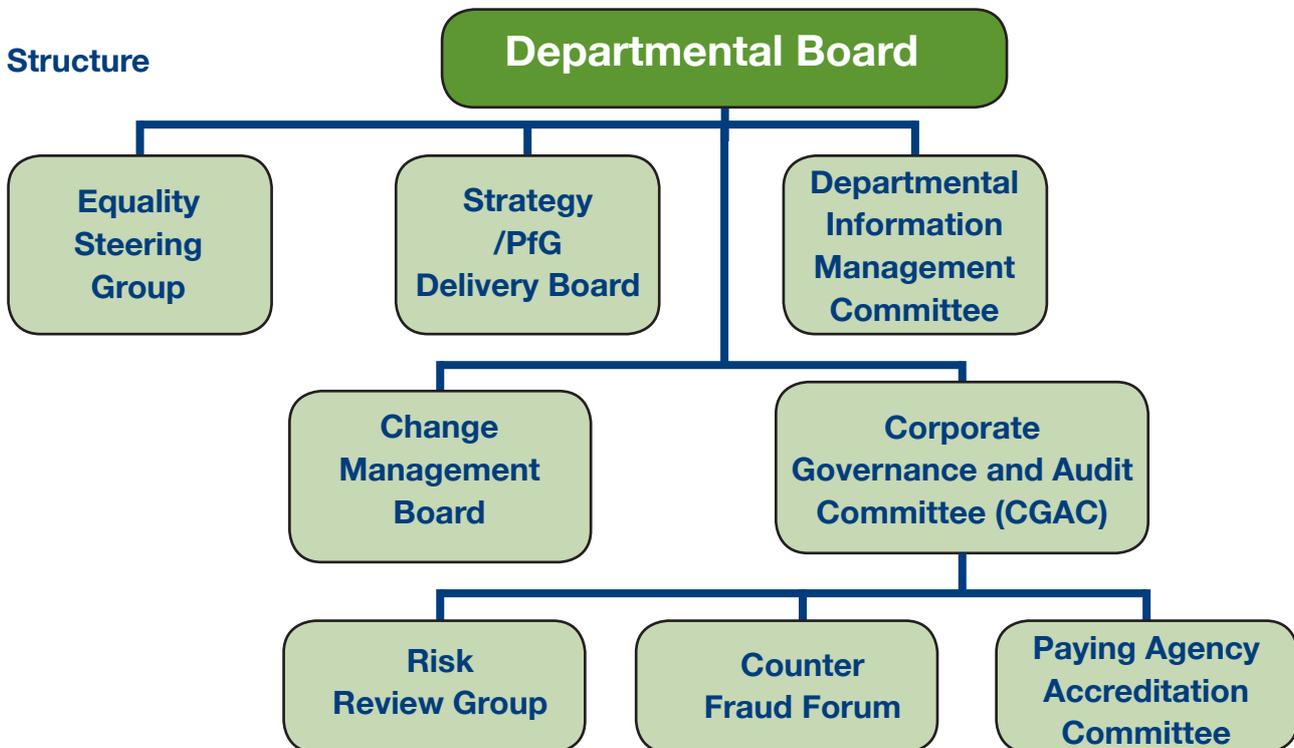
The Department has been under the direction and control of the DARD Minister, Michelle O'Neill, MLA.

The Chief Executives of the Rivers Agency and Forest Service are Agency Accounting Officers and were directly responsible to the Minister for their respective Agency's performance and operations, with Miss Johnston, while Acting Senior Finance Director, and Mr G Lavery, as Senior Finance Director, in the role of Frazer Figure.

The Permanent Secretary, as Principal Accounting Officer, is responsible for the overall operation and performance of the Department.

Departmental employees are eligible for pension benefits under the normal civil service pension arrangements that are disclosed in **Note 1.16** to the Accounts.

Corporate Governance



The Departmental Board (DB) supports, and is accountable to, the Permanent Secretary. It is chaired by the Permanent Secretary and contains six other executive members and two non-executive independent members. The Board meets at least 10 times a year to discuss Departmental business at a strategic level.

The Board is supported by a number of committees which provide a clearer link between the Board and project teams/business areas. This improves the level of information flow to the Board, enabling the Board to focus more on strategic direction and decision-making. As recommended in the HM Treasury Code of Practice, all of the Board Committees are chaired by a member of the Board.

The seven main areas of decision-making for the Board are:

- signing off Budget submissions and Monitoring Round submissions to DFP;
- initial internal allocation of running costs and programme monies;
- agreement of capital projects, acquisitions and disposals above £1m;
- agreement of the Risk Management Strategy and the assurance system underpinning the Governance Statement;

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- agreement of the Human Resources Strategy;
- agreement of the Equality Agenda and monitoring of equality related progress; and
- taking an overview in respect of the senior management structure of the Department.

The two independent members of the Board are considered to be independent in character and judgement. Any potential conflict of interest for all Board members, including independent members, is notified to HR Division (copied to the Principal Accounting Officer and Board Secretariat).

11 Board meetings took place during the period April 2012 – March 2013. Attendance was as follows:

Mr N Lavery	Permanent Secretary from 1 March 2013	1/1
Mr G Lavery	Acting Permanent Secretary until 28 February 2013 <i>and</i> Senior Finance Director from 1 March 2013	10/11
Dr Browne	Deputy Secretary – Central Policy	10/11
Mr Small	Deputy Secretary – Service Delivery	10/11
Mr Houston	Chief Veterinary Officer	10/11
Miss Johnston	Acting Senior Finance Director until 28 February 2013	8/10
Mr Trelford	Human Resources Director	11/11
Mr Wilkinson	Finance Director	11/11
Mr Russell	Independent Board Member	9/11
Mr Caddy	Independent Board Member	11/11

Corporate Governance and Audit Committee (CGAC)

The Principal Accounting Officer has established the Corporate Governance and Audit Committee (CGAC) as a Committee of the Departmental Board to support him in his responsibilities for issues of risk control and governance by reviewing the comprehensiveness of assurances in meeting the Board and Principal Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances.

The CGAC ensures that high level information on risk and control is brought to the Principal Accounting Officer's attention, through the DB, in order to assist in identifying priorities for action.

The CGAC subjects the Principal Accounting Officer's executive decisions to constructive challenge in the sense of encouraging him to ensure that he can demonstrate that he has made the best possible decisions in the light of all the available evidence.

It is not the task of the CGAC to substitute for the executive function in the management of Internal Audit, risk management, corporate governance, stewardship reporting, internal control or any other review or assurance function. DARD Risk Review Group has responsibility to co-ordinate and champion the management and reporting of risk within the Department management. However, the CGAC offers opinions or recommendations on the way in which such management is conducted.

The CGAC has no authority, in its own right, over the operations of the Department or those units that conduct audit and assurance work, including Internal Audit. It advises on the adequacy and the appropriateness, in light of both known and emerging risks, of the work plans of those units.

The CGAC comprises three members, appointed by the Principal Accounting Officer on the advice of the Departmental Board.

Membership consists of the two DARD Independent Board Members and one independent external member drawn from the wider Northern Ireland Civil Service. CGAC is chaired by Independent Board Member, David Russell.

The Committee requires a range and balance of competencies to allow it to be effective in its functions. Whilst it is not necessary for every member to be a finance specialist, it is important that the Committee has an expertise in financial matters. At least one member will have recent and relevant financial experience.

The work of the committee is assisted by the Counter Fraud Forum, the Risk Review Group and the Paying Agency Accreditation Committee.

Strategy Board

The Strategy Board supports the development of the Department's Strategic Plan and Corporate Risk Register and fulfils the role of Departmental PSA Delivery Board. The Strategy Board monitors progress on implementation of the Strategic Plan and aligns the Business Planning and Human Resource planning processes to it.

Risk Review Group

The Departmental Board established the Risk Review Group in June 2007 as a committee to co-ordinate and champion the management and reporting of risk within the Department. The Group, chaired by an Independent Board Member and comprising representatives of key business areas within the Department, reports, through the Strategy Board and CGAC, to the Departmental Board, ensuring that risk management becomes more fully integrated into departmental planning processes. In exceptional circumstances the Risk Review Group may report directly to the Departmental Board.

Counter Fraud Forum

The Counter Fraud Forum, a sub-committee of the CGAC, meets on a quarterly basis to report on the adequacy and effectiveness of the Department's counter fraud measures.

Paying Agency Accreditation Committee

The purpose of the Paying Agency Accreditation Committee is to ensure that the Department continues to meet in full the requirements of an accredited paying agency for the European Agricultural Fund for Rural Development and the European Agricultural Guarantee Fund.

Departmental Information Management Committee (DIMC)

DIMC provides strategic oversight and direction over the development of information management systems; the management and control of the department's information assets; compliance with Freedom of Information/Environmental Information Requests and data protection; records management including retention and disposal; effectiveness of acquisition and dissemination of information needed by customers and staff; and staff training/ awareness in respect of information access rights and protection.

Change Management Board

The Change Management Board develops and plans the corporate change programme, monitors its implementation and makes informed decisions on a corporate basis.

Equality Steering Group

The Equality Steering Group oversees and monitors the Department's progress against its equality, good relations and human rights obligations; relevant strategies, policies and action plans; including equality screening decisions and equality impact assessments.

Executive Agencies

The Department has two Executive Agencies, the Rivers Agency and Forest Service Agency, which operate in accordance with Framework Documents that describe the relationships and responsibilities between the Agencies, the Department and the Minister.

Arms' Length Bodies (ALB)

During the reporting year the Department sponsored the following Non-Departmental Public Bodies (NDPBs): -

Agri-Food and Biosciences Institute*
Agricultural Wages Board for Northern Ireland*
Livestock and Meat Commission for Northern Ireland*
Northern Ireland Fisheries Harbour Authority*
Drainage Council for Northern Ireland
(* denotes an executive NDPB)

To promote sound working relationships, all arms' length bodies work in close conjunction with a designated sponsor branch within the department. It is the responsibility of the sponsor branch to ensure that the arms' length body is working in accordance with Government rules and regulations.

In addition, all executive NDPBs, and the North South Body below, have agreed a Management Statement and Financial Memorandum with DARD in accordance with Managing Public Money Northern Ireland guidelines.

North South Body

DARD is a co-sponsoring Department (with the Department of Communications, Energy and Natural Resources in ROI) for one North South Body, the Loughs Agency of the Foyle, Carlingford and Irish Lights Commission, for which funding is provided. Following confirmation by the Office of National Statistics, the Loughs Agency has now been re-classified as a Central Government Executive NDPB.

Public Interest and Other

HQ Relocation

Following the production of a short list of potential locations for DARD's rural headquarters the Minister decided on Ballykelly as the preferred location. The Business case for relocating the DARD headquarters is in development and will be informed by a report from Central Procurement Directorate on the accommodation options available on the Shackleton Barracks site, an assessment of equality impacts of relocation and modelling of the required staff transition to the new headquarters while incorporating opportunities provided by modern ICT as appropriate.

The initial staff survey is complete, the draft of the accommodation study is being considered for sign-off in April 2013, the Equality Process has completed pre-consultation stage with the formal consultation period extending until July 2013.

A Programme Board has been established to guide the work and monthly meetings are taking place with Trade Union representatives. The decision on the business case is expected in summer 2013.

Rivers Agency

The future status of Rivers Agency is currently the subject of discussion between the Chief Executive and senior officials from the Department of Agriculture & Rural Development (DARD). Consideration is being given to whether the Agency should be absorbed within the Department but there will be no change to current arrangements until at least April 2014.

Equal Opportunities

The Department's commitment to equality of opportunity and to creating and sustaining a working environment where everyone is treated with respect and dignity, free from any form of inappropriate behaviour, and one in which all employees can give of their best, is embodied in the Dignity at Work policy. This policy is available to all staff through the Human Resources Connect (HR Connect) portal and information and guidance to staff on a wide range of equal opportunity issues is available through the Department Human Resource (DHR) intranet site. In addition, the Department has a network of trained Harassment Contact Officers who are available to assist staff to address issues informally.

Employment of People with Disabilities

As part of its overall Equal Opportunities policy, the Department is fully committed to ensuring that all of its policies and working practices meet or exceed the requirements of the Disability Discrimination Act 1995.

The Department continues to provide disabled staff with an opportunity to discuss disability issues and help bring about changes/improvements for staff via its Disability Forum. During 2012-13 the Disability Forum established a working group to review the procedures for the allocation of reserved car parking spaces at Dundonald House for staff with mobility issues. Recommendations from the working group have resulted in revised arrangements being introduced in April 2013.

Health and Safety

The Department is committed to ensuring, as far as reasonably practicable, the health, safety and welfare of all its employees and all others affected by its undertakings and this commitment is detailed in the Departmental Health and Safety policy. The policy is available on both the Business Support Branch Intranet and the Internet. Information and guidance on a wide range of health and safety issues is also available to staff through the Intranet site. Refreshed and new guidance has been provided throughout the year on training arrangements for office based staff, unacceptable customer behaviour and occupational health surveillance and screening.

As risk management, including health and safety risk, is a key function in managing the Department's business performance, Health and Safety Section, in conjunction with Business Area Safety Advisers, have continued working with risk assessors to ensure compliance with risk assessment requirements including the introduction of control measures. Grade 5's and Heads of Branches have also been reminded of their responsibility in this aspect.

Compliance with requirements, in both high risk and office activities is 98.6% at 31 March 2013. It is notable that within the high risk environments of Forest Service, Rivers Agency, Service Delivery Group and Veterinary Service all risk assessments are in place and this reflects extensive awareness of the risks and required controls in these business areas and the continuing commitment to accident reduction.

The Department is committed to ensuring that staff receive ongoing health and safety training. The Health and Safety Section and Training and Development Unit (TDU) continued to work with training providers to ensure that training met departmental requirements. TDU arranged training in dealing with unacceptable customers for SDG staff following the issue of the revised health and safety guidance.

The Department continues to have a good health and safety record, reflective of the support of Safety Advisers, Safety Representatives, Trade Union Side, management and staff.

Initial indicative sickness absence rates for the Department for the period April 2012 to March 2013 suggest that the number of working days lost may be approximately 9.4 compared to a target of 8.2 working days lost per staff member. It is important to note, however, that this information has not yet been validated. (In the previous year, 2011-12, the Department achieved 8 working days against a target of 8.5 working days).

Equal Pay

Following the settlement of the Equal Pay Claims in 2009 which impacted on 1,308 DARD staff, a further 2 payments totalling £3,304 were paid in lump sum payments to DARD staff in the 2012-13 financial year. There remains 70 staff within DARD who have yet to sign the relevant agreements and receive their lump sum payments which total £52,134.

Payment of Suppliers

The Department is committed to the prompt payment of bills for goods and services received in accordance with the Confederation of British Industry's Prompt Payers Code and British Standard BS 7890: "Achieving Good Payment performance in Commercial Transactions". Unless otherwise stated in the contract, payment is due within 30 days of receipt of the goods or services, or on presentation of a valid invoice or similar demand, whichever is later. During 2012-13, 97.36% of bills were paid within this standard (2011-12, 96.73%).

From 1 December 2008, the Department has operated a policy of paying for goods and services within 10 working days. This is in accordance with the "Supporting Businesses: Prompt Payment of Invoices" initiative within the Northern Ireland Civil Service. Business areas have been informed of the policy and are committed to carrying it out. During 2012-13, 88.51% (2011-12 88.01%) of bills were paid within the 10 day target.

The Department continues to work closely with Account NI Shared Service Centre and DARD business areas to improve the Payment of Suppliers performance. See attached link to Account NI 2012-13 performance: [NICS Prompt Payment table 2012-13](#)

Security of Personal Data

The Department is committed to the safeguarding of personal data and has set in place appropriate measures to ensure its security. The Department's Annual Report and Governance Statement reflect that necessary controls are in place to safeguard information assets; that when information assets are shared or disposed of as no longer

necessary, that this is done safely and securely; and that necessary controls are in place to deal with any information loss incident.

Should such an incident occur, each business area in DARD has an Information Asset Register in place, and an Information Loss Handling Plan which are reviewed and tested annually.

DARD has appointed a network of Information Asset Owners (IAO) to take responsibility for every information asset within the Department and Information Management Branch has provided training to each of the IAOs outlining their role and responsibilities, the reporting structure in which they operate and the kind of precautions that they need to put in place in order to prevent information loss occurring and how to handle an information loss should it occur. These IAOs report through the Senior Information Risk Owner to the Accounting Officer.

In April 2012 it was necessary to notify the Information Commissioner's Office (ICO) about one incident in relation to the loss of personal data. The ICO acknowledged the policies and procedures the Department had in place to deal with the incident and took no formal action. To prevent similar incidents happening in the future the Head of Branch issued a memo to all staff in the branch alerting them to the incident that happened, the importance and obligations to protect personal data and the procedures to follow should batch print letters be printed in error.

Departmental Auditor

The financial statements are audited by the Comptroller and Auditor General (C&AG), Mr K Donnelly, in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. He is head of the Northern Ireland Audit Office (NIAO). He and his staff are wholly independent of the Department, and he reports his findings to the Northern Ireland Assembly.

The audit of the financial statements for 2012-13 resulted in a notional audit fee of £112,300. This is included in non-staff administration costs in the Statement of Comprehensive Net Expenditure. The NIAO has carried out a Legality and Regularity audit, at the request of the EU Commission on Common Agricultural Policy payments made by the Department during the year which has resulted in expenditure of £130k during 2012-13.

The C&AG may also undertake other statutory activities that are not related to the audit of the Department's financial statements. These include the preparation of Value for Money (VFM) studies, which report to the Assembly on the economy, efficiency and effectiveness with which the Department's financial resources have been used.

Disclosure to Auditor

So far as I am aware, as Accounting Officer, there is no relevant audit information of which the Department's auditors are unaware; and, as Accounting Officer, I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and establish that the Department's auditors are aware of that information.

Provision of information to and consultation with employees

The Department takes pains to ensure that all staff are kept informed of plans and developments through meetings, team briefings, circulars and the publication of business and training plans.

Staff have access to welfare services and trade union membership. The Department uses the established Whitley process of staff consultation. The Whitley Council and Committees provide an agreed forum for discussion and they are attended by employer and employee (trade union) representatives.

Interests of Board Members

None of the Departmental Board Members have any significant interests which conflict with their management responsibilities. Full details of interests are given in Note 28 to the Accounts.



Mr Noel Lavery

Accounting Officer,
Department of Agriculture and Rural Development
25 June 2013

Management Commentary

The Context

Sustainability and greater efficiency in response to a difficult public expenditure climate are the overarching drivers of change for the Department. These drivers will shape the context of our work, what we do and how we do it over the next several years, whether it is in relation to animal health, the environment, the agri-food industry or rural development. The Common Agricultural Policy (CAP) and the Common Fisheries Policy (CFP) underpin much of the work of the Department. Ongoing reform of these policies will help facilitate greater sustainable development and efficiency.

Principal Activities

The Department of Agriculture and Rural Development (DARD) aims to promote sustainable development of the agri-food industry and the countryside; stimulate the economic and social revitalisation of rural areas; reduce the risks to life and property from flooding; promote sustainable development of the sea fishing and aquaculture industries; and manage, protect and expand forests in a sustainable way.

The Department contributes to the development of the European Union agricultural, rural development and fisheries policy and oversees the implementation of these policies in Northern Ireland.

In discharging its functions, the Department acts in two main ways:

- with the Department for Environment, Food and Rural Affairs and the Rural Payments Agency in the field of economic support for the agricultural and fisheries industries and the implementation of European Union (EU) policies. This includes payments under the Common Agricultural Policy and capital grants to farmers; and
- as a Northern Ireland department in respect of all other aspects involved in the development of agriculture, including education and training services, research, technology transfer, analytical and diagnostic work and special support measures, as well as rural development, sea fisheries and aquaculture, forestry, land drainage and flood defences. The Department's role includes helping to ensure the economic and social revitalisation of rural areas.

Details of the principal activities undertaken by DARD are provided at Appendix 2.

Key Aims and Objectives

During the year a new Strategic Plan for the period to 2020 was developed for the Department. The Plan, which was the subject of a public consultation, will play a key role in steering the policy direction for this Department, and is available on DARD's internet site (www.dardni.gov.uk).

The Plan outlines the Department's Vision, Aim and Role, focuses upon 5 key Goals and derives a series of strategic objectives and key actions which should lead to change and measurable success.

The Vision of the Department is *a thriving and sustainable rural economy, community and environment to promote social and economic equality*. To meet this Vision, the Department aims to *work with stakeholders, build partnerships, tackle disadvantage and value its staff; strive to work efficiently, respond quickly to change and focus on achieving sustainable outcomes*. This will involve helping the agri-food industry prepare for future market opportunities and economic challenges; improving the lives of farmers and other rural dwellers targeting resources where they are most needed; enhancing animal, fish and plant health and animal welfare on an all Ireland basis; helping to deliver improved sustainable environmental outcomes; and managing our business and delivering services to our customers in a cost effective way.

The Department's Annual Business Plan and Business Units' plans set out the more operational detail which will not only contribute to the higher level aspirations through the achievement of annual targets but also provide staff with a clearer view of where their personal contribution fits with the Department's task to deliver an improved service to the customers and stakeholders.

Running in tandem with the implementation of the Plan has been the development of a more focussed monitoring system to ensure that progress towards the achievement of the Goals is maintained and that success is delivered. This is based on the Balanced Business Scorecard methodology which has been rolled out across the Department and involved senior staff in agreeing the content of the Scorecards.

The Department has set in place a Savings Delivery Plan within which the Department plans to make savings of the order of £40m over the current four year Budget period.

In this context the Department's income and expenditure has been reviewed in order to determine how we could deliver the required level of savings while minimising the impact on frontline services and essential service delivery. The savings measures that we have identified include optimising the use of resources, implementing efficiencies, generating revenue and reducing corporate services expenditure.

Within 2012-13, the Department has achieved its target savings of £7.86m and is on schedule to meet the planned saving targets by March 2015.

The specific aims and objectives of each of the Department's Executive Agencies (Rivers Agency and Forest Service Agency) are documented in the Annual Report and Accounts published separately for each of these bodies.

Sustainability

The Executive's Programme for Government 2008-11 identified sustainability as a cross-cutting theme and stated that building a sustainable future was a key requirement for our economic, social and environmental policies and programmes. DARD was the lead department within the NI Sustainable Development Implementation Plan for strategic objective – Promote Sustainable Land Management.

Sustainability continues to be an underpinning principle of the Executive's Programme for Government 2011-15.

Key actions in 2012-13 included:

- Maintaining land in good agricultural and environmental condition annually through delivery of the Single Farm Payment under the Common Agricultural Policy.
- Contributing to improved water quality and better nutrient management by implementing the Nitrates Action Programme and the Manure Efficiency Technology Scheme (METS).
- Development of flood risk and hazard maps and flood risk management plans in compliance with the EU Directive 2007/60/EC on the assessment and management of Flood Risks.
- Contributing to the reform of the Common Agricultural Policy post 2013 and, in particular, pressing for regional flexibility so that the measures implemented can be tailored to meet local needs in supporting sustainable growth within our farming sector.
- Continuing roll-out of the Northern Ireland Rural Development Programme (NIRDP) 2007-2013, including significant investment in economic, environmental, social and industry competitiveness measures.
- Continued development of the Northern Ireland Rural Development Programme 2014-2020 in line with the Europe 2020 strategic objectives of smart, sustainable and inclusive growth.

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- Continuing to develop people development programmes to ensure those entering, and already in, the Agri-Food Industry have the competency to take forward the sustainable development of the sector.
- Seeking to maintain high plant health status to protect our agricultural, horticultural and forest industries as well as the wider environment remains a priority. Significant resource has been deployed during 2012-13 in tackling *Chalara fraxinea*, a fungal pathogen causing ash dieback disease. In addition to emergency legislation introduced in 2012, the Department will continue its surveillance programme in 2013-14 and will implement a Chalara Control Strategy for the island of Ireland.
- Continued delivery by the Forest Service of the Woodland Grant Scheme to support the creation of 252 hectares of new woodland and the sale of 425,000 cubic metres of timber certified as coming from Forest Service's sustainably managed forests.
- Continuing the development of long term management plans for fisheries in the Irish Sea by working with the UK Fisheries Administrations and the Commission, through Common Fisheries Policy reform and Marine Strategy Framework Directive (MSFD), to ensure all stocks are exploited at the precautionary level of fishing mortality (Fpa) or lower by 2015.
- Establishment of an industry and DARD Implementation Partnership to progress the Agriculture and Forestry Greenhouse Gas (GHG) Reduction Strategy and Action Plan. Sectoral Sub-groups have also been established to communicate specific mitigation measures which include renewable energy and livestock, nutrient and land management.
- Identifying the key risks of climate change and contributing to a detailed risk assessment in the agriculture, flood risk, fisheries and forestry sectors.
- Contributing to the sustainable management of the DARD estate through compliance with such measures as the Carbon Reduction Commitment Energy Efficiency Scheme and the Energy Performance of Buildings Regulations.

In addition, the industry-led Agri-Food Strategy Board, appointed by the DARD and DETI Ministers in May 2012, has identified *sustainable growth* as one of the over-arching themes of its strategic action plan for the sector and made associated recommendations for government, industry and academia to drive forward this agenda.

The Head of Central Policy Group acts as a Sustainable Development Champion within the Department, ensuring that the sustainability agenda is integrated into the full range of the Department's policies and initiatives.

Operating Review

Departmental Programme for Government Commitments

The Department has 4 Commitments in the published Programme for Government (PfG) 2011-15 as follows:

- PfG Commitment 23 – Eradicate Brucellosis in cattle by March 2014;
- PfG Commitment 24 – Develop a Strategic Plan for the Agri-food sector;
- PfG Commitment 46 – Bring forward a £13m package to tackle rural poverty and social and economic isolation in the next 3 years; and
- PfG Commitment 47 – Advance the relocation of the Headquarters of the Department of Agriculture & Rural Development to a rural area by 2015.

A summary of outturn for the year under each Commitment is as follows:

Eradicate Brucellosis in cattle by March 2014

Excellent progress is being made towards the eradication of Brucellosis as a result of DARD and Industry efforts. The annual confirmed herd incidence reached zero (0.00%) on 28 February 2013, this important milestone being met more than one year ahead of target. The last case of confirmed infection was in February 2012. Continued vigilance by those keeping cattle is essential and in particular the immediate reporting to DARD of any bovine abortion so that Brucellosis can be ruled out.

Develop a Strategic Plan for the Agri-food sector

The Agri-Food Strategy Board (AFSB) has met on a regular basis over the past 10 months. Sub-groups have considered specific priorities, challenges and targets for key sub-sectors, informed by stakeholder engagement, including a public Call for Evidence. AFSB finalised its report for submission to the DARD and DETI Ministers in late April 2013.

Bring forward a £13m package to tackle rural poverty and social and economic isolation in the next 3 years

The 2012-13 expenditure target of £4m has been achieved. This includes £540k transferred to DRD, £1,414k transferred to DHSSPS and £450k transferred to DSD via Monitoring Rounds. DARD is working in partnership with these Departments who are responsible for delivering schemes on DARD's behalf. To date: 3,108 households have been visited under the Maximising Access in Rural Areas project (MARA); 1,558 health checks in 58 locations completed (farmer marts & community venues); 27,000 contacts made under the Connecting Elderly Rural Isolated project; 300 unemployed young people supported by BOOST, a rural youth employability programme; 149,000 passenger trips have been funded through the Assisted Rural Travel Scheme; 180 homes receiving energy efficiency support; and, 27 Rural Borewells projects nearing completion. There has been

further investment through the Rural Support charity, a Rural Youth Entrepreneurship programme and Rural Community Development work.

Advance the relocation of the Headquarters of the Department of Agriculture & Rural Development to a rural area by 2015

An EQIA is being carried out on the decision to relocate to Ballykelly and will include a 12 week formal public consultation. A staff survey has been carried out with results currently being analysed by NISRA.

North South Co-operation

Officials have continued to work very closely under the North South Working Groups on animal health and welfare matters, making progress on a range of initiatives to align policies to control disease and facilitate trade.

In addition, DARD is supporting North South cooperation through a number of European Programmes. DARD is an accountable department for the Rural Development strand of the EU INTERREG IVA programme and the department provides national funding to match the European grant. This programme, which is administered by the Special European Union Programmes Body (SEUPB), seeks to address the economic and social problems which result from the existence of borders. During 2011-12, six projects were selected for funding by the Programme Steering Committee. These cross-border projects are expected to address deprivation in rural areas through rural tourism and rural enterprise initiatives. The projects have all started work and will continue until 2014-15.

Through the EU PEACE III Programme, DARD is supporting the delivery of the Rural Enablers project. This is focused upon addressing sectarianism and racism in rural areas through grass-roots community-based cooperation. The project which is being led by the Rural Community Network, complements the more economically driven aspects of the Rural Development and INTERREG programmes. DARD is represented on the Management Committee of the project.

The Co-operation Measure of the NI Rural Development Programme 2007-13 (NIRDP) encourages each Local Action Groups (LAGs) to develop partnerships with LAGs not only within their own Member State but right across the European territory. Through joint projects, LAGs can share expertise and address issues of common interest and work has continued on a range of projects during 2013-14.

DARD is co-sponsor department for the Foyle, Carlingford and Irish Lights Commission and works closely with DCENR (Department of Communications, Energy and Natural Resources) in the south to ensure the sponsor role is fulfilled and corporate governance applied to a high level.

Agri-Food Strategy

In recognition of the importance of agri-food to the local economy, the Executive's Programme for Government 2011-15 includes a commitment to develop a strategic plan for the sector. DARD and DETI appointed an industry-led Agri-Food Strategy Board, chaired by Tony O'Neill, to take forward this work. The Board has met on an ongoing basis since June 2012 and engaged with a wide range of stakeholders through nine sectoral sub-groups, individual meetings and workshops and a public call for evidence. Work on a strategic plan for growth of the agri-food sector is well advanced and the Board's report was finalised and submitted to Ministers on 24 April 2013.

Animal Health and Welfare

Work continued throughout the year to progress the roll out of activities aimed at delivering the All-Island Animal Health and Welfare Strategy. The focus of this work is to improve all-island animal health and welfare, with the ultimate objective of free movement of animals on the island of Ireland. The EU Commission is currently revising the EU animal health regulatory framework with a key objective of reducing administrative burdens, including relaxation in conditions for movement of animals between Member States, in accordance with the assessment of risk. DARD, in conjunction with Defra in London and DAFM in Dublin, is seeking in this process to help achieve a new EU Animal Health Law that helps to deliver the objectives envisaged in the All-Island Strategy in order to safeguard animal health and welfare in the north to the benefit of its agri-food industry.

While there continues to be the ever present threat from epizootic disease, the Bluetongue situation in Northern Europe including the UK has largely resolved with few if any new cases reported. During the same time however a new disease of mainly cattle and sheep has emerged. The causal agent is known as Schmallenberg virus and it can cause heavy production losses in individual sheep flocks. It is spread by midges and has now been reported in most Northern European Member States including the UK and Ireland. One case has been identified to date in NI but it is highly likely that it will spread as we move towards the warmer more insect-active months of spring and summer. A vaccine is being developed which farmers will be able to use to protect their flocks, but natural immunity, which develops after infection, is believed to be strong. While it may affect some individual flocks severely, as a whole the disease does not cause high levels of production loss in the Industry.

The joint industry/DARD Aujeszky's Disease Working Group successfully achieved its aim of achieving disease free status. On 2 October 2012, NI achieved formal EU recognition of freedom from Aujeszky's Disease. The south of Ireland also achieved disease free status at the same time, as envisaged in the All-Island Animal Health and Welfare Strategy Action Plan. This will facilitate the trade of pigs on the island and open up new trade opportunities for the pig industry.

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During 2012-13, the Department has continued in partnership with key stakeholders to work towards the eradication of Brucellosis and TB. The Department achieved EU Commission approval for both its Brucellosis and TB Eradication Plans 2013, with opportunity of co-funding from the EU Veterinary Fund.

The Brucellosis confirmed annual herd incidence rate reached zero (0.00%) on 28 February 2013, which gives hope that we may soon be able to eradicate this disease and subsequently seek Officially Brucellosis Free (OBF) status. From 1 September 2012, brucellosis in-contact animals only receive 75% compensation, in line with that for brucellosis reactors, which will encourage farmers to take biosecurity steps to help prevent future risk of infection in their herds.

The ARD Committee conducted a Review into Bovine Tuberculosis in 2012, to which DARD provided a formal response. Our rigorous EU Commission approved TB eradication programme will continue to be a priority to ensure continued access to the export trade by our livestock and livestock products industry. The commissioning of TB and wildlife research and studies continues, in line with DARD's Evidence and Innovation Strategy, to provide the evidence base to further guide the TB eradication strategy. Preliminary work on a possible "test and vaccinate or remove (TVR)" wildlife intervention research is ongoing. Computer modelling for TVR is almost complete and badger sett surveying has started in Co. Down. These preliminary steps will inform the design and costing of the TVR wildlife intervention research.

The Department has now completed the implementation of the Action Plans to roll out the provisions of both the Welfare of Animals Act 2011 and the Dogs (Amendment) Act 2011.

With respect to the Welfare of Animals Act 2011, the provisions which enabled Councils and the Department to appoint inspectors under the Act were commenced on the 2 April 2012. The final (un-commenced) provision which introduced a ban on cosmetic tail docking of dogs was commenced on the 1 January 2013. New legislation to regulate commercial dog breeding will come in to operation from the 1 April 2013. Department officials provided advice and guidance to support Councils during the first year of their enforcement role in relation to other (non-farmed) animals under the Welfare of Animals Act and monitored their implementation of these new statutory requirements. The final (un-commenced) provision in the Dogs (Amendment) Act 2011 to introduce compulsory microchipping and the necessary support sub-ordinate legislation came into operation on 9 April 2012.

The Department has initiated a programme to procure a replacement for the Animal and Public Health Information System (APHIS). APHIS is a computerised system of animal identification and disease control information that has been in operation since 1998 but is now in need of a technical upgrade and significant re-design of processes. It is a complex system, pivotal to implement animal movement and disease control legislative

requirements and support export assurances for live animals and meat. Consultation with stakeholders is on-going and work on the detailed Specification of User Requirements is well advanced.

Area Aids Disallowance

In 2010 the European Commission (DG-Agri) provided the Department with an opportunity to estimate the financial risk arising from management of the 2009 Single Farm Payment (SFP) scheme attributed to continuing weaknesses in the Land Parcel Identification System (LPIS), the on-the-spot inspections and the application of penalties.

Following the Commission's acceptance of the Department's assessment the final decision to apply a 5.19% correction to the total value of Single Farm Payments made in the 2009 scheme year was published on 26 February 2013.

The Department provided the Commission with the details of similar risk assessments for the 2010 and 2011 scheme years but as yet there has been no further correspondence from the Commission regarding these financial corrections. Incorporating the Commission methodology applied to the 2009 scheme year the Department has estimated the risk to the fund to be in the range of 2.94% to 4.60% for 2010 scheme year and 2.96% to 4.63% for the 2011 scheme year. Based on this estimate the Department has accrued at 3% for disallowance for the Area Aids 2010 scheme year (£8.75m) in the 2011-12 financial statements and at 3% for the 2011 scheme year (£8.65m) in the 2012-13 financial statements. The Department has based its accrual on the lower rates for both scheme years 2010 and 2011 as a significant amount of work has been undertaken by the Department to reduce the liability including improvement of inspection controls, supporting revision of land maps and carrying out annual quality assurance assessments of the mapping system. Furthermore the Commission have indicated that there could be a possible change to the methodology for calculating the risk to the fund commencing with the 2010 scheme year which could reduce the liability further. There does remain some uncertainty about the final quantum of disallowance for the 2010 and 2011 scheme years. The Department expects confirmation of this during the 2013-14 financial year, together with the date of due payment.

Legality and Regularity

In 2010, the European Commission issued a new guideline (AGRI/D(2010) 248617Rev1) 'for the reinforcement of assurance as to the legality and regularity of transactions at the level of final beneficiaries'. This guideline proposes that the Member States arrange for an audit to be carried out and reported to the European Commission in September each year following the claim year.

Whilst the guideline is voluntary DARD implemented it, for the first time, in respect of the Single Farm Payment population for scheme year 2011. The Department appointed the

Northern Ireland Audit Office (NIAO) as the Certifying Body, to carry out the audit and a Report was submitted to the Commission by their deadline of 1 September 2012. DARD awaits the Commission's response to the Report. DARD has decided to repeat the audit for SFP 2012 to provide additional assurances to the Commission on our controls. The NIAO has commenced the re-performance of DARD's On-The-Spot Controls and an audit report will be submitted to the Commission later this year.

Main phase of the LPIS project commenced

The main phase of the LPIS project commenced during February 2011 and is ongoing. The work is being undertaken in partnership with Land and Property Services (LPS). LPS are carrying out corrections to field boundaries and mapping polygons of ineligible areas to enable DARD to calculate a Maximum Eligible Area for each field. DARD staff are responsible for developing the detailed technical protocols that LPS follow when updating the maps, providing advice to LPS staff and quality assurance of the improved data.

Production of maps to support the 2013 SAF process

The maps provided to support the 2012 SAF were an enhanced version of the aerial photo-based map issued to farmers in spring 2011. The boundaries were taken from the current DARD Geographical Information System GIS (i.e. they were the same as those used to produce the 2011 map). The key improvement was the addition of the ineligible features. During 2012 DARD and LPS continued to work together to produce new maps which revised the 750,000 field boundaries and aligned the ineligible areas with these boundaries. Given the complexity of this task and the need to merge the new map information with the existing 'live' mapping system farmers were provided with an opportunity at the start of 2013 to amend their maps. This was to ensure that the Single Application Form (2013) pre-populated information, which was taken from the new map data, was as up to date and accurate as possible.

The new mapping control is not yet complete. There is work remaining to introduce this new control in full. In addition, it will be essential to ensure that the mapping control is adjusted as necessary to deal with CAP Reform.

Plant Health

During 2012, the presence of *Chalara fraxinea*, a fungal pathogen causing ash dieback disease, was confirmed in the North. As a result of trace forward exercises and general surveillance in 2012-13, a total of 50 premises have been confirmed positive for the disease. Statutory Plant Health Notices requiring the destruction of affected Ash saplings and associated plant debris were issued. Forest Service provided assistance to ensure the affected sites were dealt with as swiftly as possible.

Chalara fraxinea is a very damaging organism to certain species of Ash, including our native Ash (*Fraxinus excelsior*). Both the North and South import a significant number of Ash trees and wood with bark attached from GB and countries in continental Europe

including the Netherlands and Belgium where the disease is present. Because of the threat that trade may be a means of introducing disease into the island of Ireland, emergency legislation came into effect on 26 October and on 6 November, in tandem with the South, to control the importation and movement of ash trees and wood respectively.

The Department will continue its surveillance programme in 2013-14 and will implement a Chalara Control Strategy for the island of Ireland.

Plant Health Key Issue:

Serious plant health disease is listed on the Department's Risk Register with joint Senior Responsible Officers (SROs): the Director of Food, Farm and Rural Policy; the Chief Executive of Forest Service; and Head of Agri-Food Support Services Unit. In line with The Plant Health Order (Northern Ireland) 2006, which prohibits the import or spread of plant diseases, DARD's policy aim is to prevent, contain and eradicate such plant diseases as appropriate. This policy is informed by a risk-based assessment taking into account scientific and technical views and regular inspection and surveillance programmes. DARD's response to a pest/disease finding or imminent threat of spread is pursued in line with the Plant Health Contingency plan, which provides for Incident Management Team/Gold Command structure, as appropriate, to manage the situation. Shared responsibility is necessary due to respective policy and delivery roles in this context.

The key issues around DARD's response are:

- Insufficient capacity and capability in policy and delivery to effectively fulfil the full range of duties, compounded by the increasing number of concurrent incidents outside of controlled arable/nursery settings.
- Impact on other work, e.g. horticulture marketing standards.
- Adequacy of a generic policy of containment and eradication for the increasing range of plant health pests and diseases and need for more informed policy positions on specific pests and diseases.
- The need for more effective governance arrangements internally within the Department and at the interface with National and European plant health.

DARD is currently developing a paper setting out revised plant health arrangements, to address these issues as a matter of urgency.

Common Agricultural Policy

The Single Farm Payment (SFP) is the largest of the Common Agricultural Policy (CAP) income support schemes administered by the Department. The scheme is fully funded by the European Commission. For 2012, it was worth around £245 million to local farmers. European Union rules which govern the operation of the scheme permitted DARD to start making full payments in December 2012. By end March 2013, £233 million had been paid on 95% of all claims to SFP in 2012. A large number of the 5% of claims which had an on-farm check to verify land eligibility identified boundary changes and ineligible land which had not been reported by farmers. In most cases the changes applied to previous years and the claims concerned required complex calculations to apply the changes to previous year claims in order to calculate the correct amount due for 2012. As a result of the work carried out during the year to speed up the processing of inspected cases, around three times more inspected cases were paid at the end of March 2013 than at the same stage in 2012.

Legislative proposals to reform the CAP were published by the EU Commission on 12 October 2011. The draft legislative CAP reforms cover direct payments to farmers, support for rural development, financing and control of the CAP and the common organisation of markets. As such, this package of reform has significant implications for stakeholders in Northern Ireland, particularly in relation to replacing the SFP Scheme. The proposals include a move towards flat rate support payments, which would be subject to 'greening' obligations, progressive capping and an active farmer requirement, while there is a top-up payment for young farmers and special arrangements for farmers with small holdings. In addition, there are options for limited re-coupling of support and a top-up to payments in Areas of Natural Constraints.

In addition to proposals for CAP reform post 2013, the EU Commission also put forward proposals on the 2014–2020 EU budget, known as the Multi-Annual Financial Framework (MFF), which would determine the budget available to the CAP through to 2020 and the distribution of the agricultural support element among EU Member States.

The Department held a consultation seeking views on the Commission's legislative proposals which ended on 7 February 2012. The views expressed informed DARD's initial response to the legislative proposals, which were presented by the Minister to the Commission in April 2012. During the 2012 Danish and Cypriot Presidencies of the EU, extremely detailed discussions and negotiations progressed on all aspects of the reform at both official and Ministerial levels. Throughout this process, DARD engaged very closely with Defra and devolved administration colleagues in shaping the UK input to these discussions, robustly representing the Northern Ireland position in line with the response presented to the Commission in April. The Department also maintained an on-going dialogue with our MEPs as the European Parliament embarked on its separate consideration of the reform proposals.

With the commencement of the Irish Presidency of the EU in January 2013, the pace and intensity of the negotiations increased markedly. In February, the European Council agreed a budget for the 2014-20 period and within that, not only established the CAP budget, but also set out a position on issues such as the capping of payments to individual farmers, co-financing rates for rural development measures and limits on the transfer of EU funds between direct farmer support (Pillar 1) and rural development (Pillar 2) at Member State and regional levels. On 13 March, the European Parliament agreed its formal position on the CAP reform proposals, making significant amendments compared with the Commission's opening stance. The Council similarly reached its position on the reform package a week later. These set the negotiating mandates that the Presidency (on behalf of the Council), the European Parliament and Commission will now take into the final trilogue process to try and arrive at an overall inter-institutional agreement on CAP reform by the end of June 2013. During this last stage of the negotiations, and in the ensuing development of the detailed EU implementing regulations, DARD will continue to engage closely with Defra, the other devolved administrations, our MEPs, the Irish Presidency and the Commission, seeking in particular to ensure that the final policy framework contains sufficient regional flexibility to enable the Department to meet the balance of local needs when it comes to the implementation of the agreed reform package (now expected to be 2015).

Although the reform negotiations have been on-going in Brussels throughout 2012-13 and a final agreement has yet to be reached, the Department has nevertheless started to make preparations for the implementation of the new regime. A CAP Reform Programme Board was established to ensure proper oversight of both the policy and delivery aspects arising from the reform processes. Significant progress has been made in taking forward the preparatory work for the development of the new Rural Development Programme.

Fisheries

Throughout the year, the Department continued to accept and process applications under 6 measures of the European Fisheries Fund and has to date committed some £9.9m National and European money in support of a range of projects across the sea fisheries and aquaculture sectors. Throughout the year the Department has worked with the other UK Fisheries Administrations and local MEPs on the Common Fisheries Policy reform. Work will continue in support of the European Council and European Parliament co-decision process to reach final agreement in 2013. DARD remains committed to obtaining improvements in important areas such as regional management, discard reduction and sustainable fishing levels and support for sustainable aquaculture development. On discard reduction, DARD worked with the local prawn catching sector to introduce highly selective fishing gear across the fleet to significantly reduce catches of unwanted fish.

Throughout 2012-13, the Department has engaged with the DOE to develop a revised Modiolus Restoration Plan for Strangford Lough as a result of a complaint made to

the European Commission by the Ulster Wildlife Trust regarding the restoration of horse mussels within the Lough. We are awaiting the Commission's decision on the appropriateness of the proposal.

The Minister is also working closely with her Southern counterpart in supporting the Loughs Agency of the Foyle, Carlingford and Irish Lights Commission to implement decisions of the North/South Ministerial Council on policies and actions relating to aquaculture and marine matters in the Foyle and Carlingford Areas.

Environment

In recognition of the challenge climate change presents to agriculture worldwide DARD, alongside key Agriculture and Forestry Stakeholders, has developed a GHG Reduction Strategy and Action Plan that identifies a suite of measures and actions that can be progressively implemented on-farm to better manage and thereby reduce the inevitable consequences of agri-food production systems. Implementation of the Renewable Energy Action Plan and identification of new risks associated with Climate Change adaptation is also underway.

In relation to water quality, DARD, acting jointly with the Department of the Environment (DOE), has responsibility for implementation of the Nitrates Directive 91/676/EEC. The Nitrates Action Programme implements measures to improve water quality and protect water against pollution caused by nutrients from agricultural sources. The Action Programme requirements apply to all farms. The measures are reviewed on a 4 year cycle and both Departments secured European Commission agreement on an Action Programme for 2011-2014. The next review of the Action Programme is due to start in 2013.

EU approval was also secured for the nitrates derogation which enables intensive grassland farms to operate at higher than average stocking rates in return for undertaking additional measures to manage manures and chemical fertilisers. The derogation is important to dairy farms as it allows the sustainable use of manures from grazing livestock to meet the higher crop nutrient requirements on these intensively stocked farms.

In 2011, DARD commissioned three research projects at the Agri Food and BioSciences Institute (AFBI) to provide scientific evidence to support the Nitrates Action Programme measures for 2011-2014. In 2012, a further 3 research projects were commissioned in support of the Nitrates Action Programme.

Tranche 2 of the Manure Efficiency Technology Scheme (METS) was implemented in 2011-12, providing grant aid for 148 advanced slurry spreading machines. The scheme has built on AFBI research by combining CAFRE technology transfer with capital grant support and nutrient management training for farmers. The advanced equipment funded

through METS delivers greater efficiency from the nutrients in manures and therefore reduces chemical fertiliser inputs. It also provides a range of other practical and environmental benefits, including a large reduction in the odour from slurry spreading operations. METS has demonstrated how improved farm production efficiency and improved environmental performance can be achieved through the use of technology.

In relation to Pesticides, implementation of the EU Thematic Strategy on Pesticides is ongoing.

The EU Thematic Strategy on Pesticides aims to minimise the risks to health and the environment from the use of pesticides. DARD implemented the first stage of the Strategy through the Plant Protection Products Regulations (Northern Ireland) 2011. The second stage, the Sustainable Use Directive, was implemented through the Plant Protection Products (Sustainable Use) Regulations 2012 in July 2012. The final stage of the Strategy is the implementation of a National Action Plan to meet the obligation under Article 4 of the Sustainable Use Directive. The National Action Plan (NAP) is designed to ensure that plant protection products can be used sustainably in the UK. Work on this has commenced and will continue throughout 2013.

Supporting Local Industry and Rural Society

Northern Ireland Rural Development Programme (NIRDP) 2007-2013

The Northern Ireland Rural Development Programme (NIRDP) 2007-13 is a balanced and targeted programme which benefits all rural dwellers. It provides support to improve the competitiveness of agriculture and forestry businesses, improve the environment and the countryside, improve the quality of life in rural areas and encourage diversification of economic activity. The individual funding measures within the NIRDP provide support to farm businesses and families seeking to adapt to a changing rural environment.

NIRDP Axis 1

Under Axis 1 of the NIRDP, farmers can access grants to modernise their farm businesses and improve competitiveness through the purchase of approved plant, machinery and equipment. Under the first two tranches of the Farm Modernisation Programme which were heavily oversubscribed, more than 2,900 farm businesses have received some £8.5m in financial support. The third tranche, which opened for application in late 2012, has resulted in the issue of approval letters to almost 2,400 farmers. These offers are worth £5.5m, which, along with the farm business contribution, has the capacity to produce £13.75m investment in modernising local farms. In addition, training opportunities are provided through the Focus Farms, Benchmarking, Supply Chain and Farm Family Options schemes. These schemes provide a wide range of training opportunities, all aiming to improve competitiveness and support farm families in assessing their options for the future of their farm business.

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The Focus Farms programme has been particularly successful with 13,298 visitors at February 2013. Some 1,777 enterprises have been benchmarked, the Supply Chain programme is progressing well with 41 groups currently active and the Farm Family Options Mentoring is on target with good demand. The Skills element of the Farm Family Options programme is now offering a range of Collective Training schemes with Health & Safety, ICT and Bovine Diarrhoea Awareness strands up and running in late 2012. Also within Axis 1, the EU Agricultural and Forestry Processing & Marketing Grant Scheme (PMG) can provide up to £0.5m in grant support per approved project to those engaged in agri-food processing activities towards capital expenditure in respect of building and plant and equipment. During 2012-13 the Department committed PMG support of £5.6m to 28 projects.

NIRDP Axis 2

Within Axis 2 under measure 214, funding is provided to farmers who wish to participate in Agri-Environment Schemes and Organic Farming Schemes. Scheme participants receive funding in return for managing their land for environmental benefit. Some 12,100 farmers are currently signed up for participation in these schemes. Sufficient agri-environment agreements were issued to ensure that the area of agricultural land covered by environmental enhancement was maintained at 42%.

NIRDP Axis 3

Axis 3 supports small businesses in rural areas, tourism activities, projects involved in improving basic services in rural areas, village renewal projects and conservation of rural heritage, as well as providing grants to assist farmers to diversify into non-agricultural activities. Axis 3 is delivered locally with the assistance of Joint Council Committees (JCC) and Local Action Groups (LAG). To date (March 2013) a total Axis 3 investment of £67.3 million has been committed to 1,471 projects by the seven JCC cluster areas with grant assistance of over £30m already drawn down. To date 807 projects have been successfully completed across the six measures resulting in the development of 273 farm diversification enterprises, 276 rural micro enterprises and 107 rural tourism actions. Furthermore, rural communities have benefitted from the development of 62 basic services initiatives and the completion of 57 village plans and improvement work projects and 32 rural heritage initiatives. The Rural Network for Northern Ireland continues to group together those involved in rural development in Northern Ireland in order to facilitate exchange of expertise, to secure and co-ordinate the information flow between the local, national and European level and thereby support the implementation and evaluation of rural development policy. Additionally the Network is facilitating a number of thematic working groups to encourage the involvement of women in rural development; address the needs of children and young people in rural areas; and ICT which includes access to broadband. The Strategic Project initiative to re-focus Axis 3 and recover programme momentum attracted 65 applications across the 7 Cluster areas. Rural Development staff engaged pro-actively with the District Councils and JCC administration units to successfully drive the initiative forward. This has resulted in the approval of 37

applications worth over £23 million. To date 17 letters of offer worth over £9 million in grant investment have issued.

Tackling Rural Poverty and Social Isolation (TRPSI)

The Department also manages a Tackling Rural Poverty and Social Isolation (TRPSI) Framework. Over the past year intervention on the ground has continued through: provision of concessionary travel for smart pass holders on rural community transport partnership vehicles with 150,000 passenger trips funded, maximising access to grants, benefits and services by supporting home visits by trained enablers to our most vulnerable rural households; and funding the Rural Support charity to provide assistance to rural families and farmers facing difficulties.

Under the TRPSI Community Development programme, support has continued to be provided to some 800 rural community groups operating in Northern Ireland that are affiliated to a number of regional Rural Support organisations, women's groups under the auspices of the Northern Ireland Rural Women's Network (NIRWN), and regional support and a rural voice through the Rural Community Network (RCN). This has included support for individuals and communities, including farmers and farm families, to access the Northern Ireland Rural Development Programme 2007-2013 (NIRDP), particularly support to access funding under the Axis 3 Measures 3.4 Basic Services, 3.5 Village Renewal and 3.6 Conservation of Rural Heritage assisting individuals and groups to engage with the social economy sector as a means of achieving the economic and social sustainability of rural communities; and developing capacity and leadership in rural communities along with proper governance as a means of supporting community involvement and maintaining strong rural communities.

Also in 2012-13 under the TRPSI framework, development and implementation of other rural schemes has been ongoing. These include: Fuel Poverty Initiatives; a Farm Family Health Checks Programme to provide health screening activities at Marts and Rural Community venues; a Rural Youth Employability Programme which will address barriers to employment for 1,500 young people; Rural Youth Entrepreneurship Programme which will create the foundation for development of future rural businesses; and a services for older people project to support independent living and address social isolation. The rural borewells scheme was launched in summer 2012 and letters of offer provided to 35 households with the aim of installing borewells by 31 March 2013. Like most of the initiatives this scheme is developed in conjunction with another government department, in this case DRD provides the scheme finance with DARD delivering. This illustrates the strength in partnership working to resolve rural issues but also the ability of this work to lever in additional funding for rural areas. Work on another small grant scheme to address localised poverty and isolation issues is underway with 151 applications subject to assessment and the first letters of offer due to issue before 31 March 2013. Work continues to develop existing and new initiatives.

NIRDP 2014-2020

Development of the Northern Ireland Rural Development Programme (NIRDP) 2014 to 2020 has continued under the guidance of a CAP Reform Programme Board. The Board met eight times during 2012-13 and oversaw the development of a draft discussion document on the next Rural Development Programme, based around the six European priorities for rural development. This draft discussion document was circulated to members of the RDP Stakeholder Consultation group, which held its first meeting in November 2012. This group is comprised of agricultural, environmental and rural stakeholders, as well as other statutory bodies with an interest in the Programme. The Stakeholder Consultation Group met three times during 2012-13. Ex ante evaluators have been appointed by DARD to carry out an ex ante evaluation, strategic environmental assessment and equality impact assessment of the next Programme. The evaluators were appointed in February 2013 and one of their first tasks was to provide feedback on the SWOT analysis and needs assessment for the next Programme.

LMC Review

In January 2010, following a strategic independent review of the Livestock and Meat Commission (LMC), the Minister commissioned a business case to be developed, to further evaluate and cost the options outlined in the review. On completion of this business case in January 2011, the Minister concluded that due to affordability issues associated with the LMC being abolished to become a commercial organisation, that this was not an affordable option in the current economic climate. However, the Minister also concluded that improvements could be made within the existing structure to bring value for money to the LMC's levy payers. An Implementation Group, made up of DARD and LMC representatives, was established to oversee this programme of work which is ongoing at time of writing. Progress has been made on a number of issues and the Department continues to work with the LMC as it embarks on its reform programme.

Evidence & Innovation Strategy

Work continues on implementing DARD's Evidence and Innovation Strategy. A third Evidence and Innovation Stakeholder Forum took place in November 2012, at which the agri-food industry and other stakeholders had an opportunity to contribute to the identification and prioritisation of DARD research needs. Following this process, the Department expects to commission around £3m of new research projects as part of the DARD Directed Work Programme at the Agri Food and Biosciences Institute (AFBI) in 2013-14. Potential industry co-funding has been identified for a number of these projects.

DARD-funded research has proven beneficial to both our consumers and to the food industry. Food enterprises on the island of Ireland, in Scotland and England have successfully linked up with scientists at AFBI to exploit an innovative new method of food preservation that uses very high pressure to keep foods fresher, tastier, safer and nutritious for longer. Development of this pioneering technology has allowed the commercialisation of these companies' products and improved their competitiveness in the market place.

Jointly developed by AFBI and the College of Agriculture, Food and Rural Enterprise (CAFRE) and funded by DARD (through VISION funding), the award-winning online Pig Grading Information System (PiGIS®) helps Northern Ireland pig producers and processors improve returns with real-time statistical analysis. The tool allows farmers to benchmark the carcass quality of their pigs with other producers, helping them make informed on-farm management decisions.

DARD funded research at AFBI has also provided a strong knowledge base to support improvements to P (Phosphorus) balances in agricultural grass and cropland in NI. Application of these research findings by industry has significantly reduced the P surplus (and hence potential for P loss to the environment) of Northern Ireland agriculture, with the average P balance across the agricultural land area in NI being reduced from 16.8 kg/ha in 2003 to 9.5 kg/ha in 2011. These reductions will not impact negatively on production or quality.

In addition, DARD funded research at AFBI has demonstrated a 26% improvement in total nitrogen utilisation from 'trailing shoe' application of farm slurries when compared to the conventional 'splash plate' method. The resulting improved grass yield is equivalent to applying chemical nitrogen fertiliser at a rate of 44kg per hectare. This improvement in utilisation not only improves profitability through cost savings on chemical fertiliser purchase, but also results in a significant reduction in greenhouse gas emissions by lessening nitrous oxide release. Through the Manure Efficiency Technology Scheme (METS), DARD has provided grant assistance to encourage farmers to change from 'splash plate' to 'trailing shoe' slurry spreading equipment, so they can take advantage of the improved nitrogen utilisation this technology offers.

New thinking, new technology and new ways of working are vital to the future success of rural businesses. During 2012-13, the Department launched a third tranche of the Research Challenge Fund, a grant scheme which provides help for industry to invest in research that addresses their commercial needs. Up to £1m is available for projects in 2013-14 and applications are currently being assessed.

College of Agriculture, Food and Rural Enterprise

The College of Agriculture, Food and Rural Enterprise (CAFRE) continues to deliver a wide portfolio of Higher and Further education programmes in agriculture, horticulture, food, equine and rural enterprise. Currently 36 programmes are on offer and enrolments are at a ten-year high with almost 1,700 students enrolled in the 2012-13 academic year. Six months after graduating in June 2012, 91% of CAFRE graduates indicated they are in employment or are continuing with their studies. This shows CAFRE graduates have enjoyed excellent career prospects during the economic downturn when almost one in four young people are unemployed.

CAFRE's Development Service also continues to develop the competency of people who currently work in the Agri-Food Industry. A team of professional staff help businesses produce development plans; benchmark their performance; up-skill their personnel and adopt new technology. CAFRE has refocused its programmes to take account of challenging business conditions in 2012-13 and as a result uptake by industry has been good. Over 2,000 business development plans have been prepared, almost 1,900 enterprises benchmarked, over 10,500 people trained and over 1,700 technologies adopted. When the financial performances of the enterprises in these businesses who are assisted by CAFRE are compared to regional averages, they show a positive differential of 8.1%.

Protecting Against Emergencies

In line with its strategic goals, DARD is responsible for protecting against outbreaks of animal, fish, and plant disease and has a key role in responding to Food and Feed Safety emergencies. Business Areas such as Veterinary Service, Rivers Agency, Forest Service, Service Delivery Group and Central Policy Group, which are involved in emergency planning activities, have in place contingency plans which are maintained, updated and tested on a regular basis.

Central Management Branch monitors the delivery of the annual Emergency Management Development Programme (EMDP) Action Plan. The overall focus of the EMDP remains developing resilience to emergency situations, which could have consequences for the wider public and the operation of Government infrastructure and the environment.

As has been highlighted elsewhere in this Report, the Department led on the management of a number of emergencies during 2012-13, including *chalara fraxinea*, and various epizootic diseases. In March 2013 the Department provided an emergency response to the farming sector on animal welfare issues arising from severe weather.

Business Areas across the Department took part in a number of external exercises during 2012-13 which tested key communication and co-ordination aspects of their contingency plans. This included the Northern Ireland Technical Advisory Group radiation incident exercise (led by Northern Ireland Environment Agency) which DARD representatives attended. Rivers Agency staff participated in Exercise Overflow, a live flooding exercise involving over 200 people hosted by Northern Ireland Fire and Rescue Service. Separately, staff within DARD's Service Delivery Group and the Forest Service continued to deal with a number of live pest / plant health incidents. The Department's Business Continuity Planning arrangements were invoked to manage the decant of staff from Dundonald House due to severe flooding in June 2012.

In January 2013 Veterinary Service signed a Memorandum of Understanding with the Department of Agriculture and the Marine in the Republic of Ireland which gives DARD

access to a DAFM contract for the supply and delivery of CO₂ gas specifically for use in a poultry disease situation to de-populate infected houses. As well as contributing to the ethos of the All-Island Animal Health and Welfare Strategy, this joined-up approach has delivered significant savings to both parties. Veterinary Service Contingency Planning Unit carried out a number of exercises including Exercise Western Quick Jag 2 which was a Foot and Mouth Disease vaccination exercise, and Exercise Red Rooster which was a test of the Local Epizootic Disease Emergency Plan for a white meat factory. All Veterinary Service field staff also attended a conference, “A Fowl Day at Loughry” which updated them on epizootic poultry diseases.

Flood Risk Management

During 2012-13, watercourse maintenance and reducing flooding risk continued to be a priority issue for Rivers Agency. Resources were devoted to routine maintenance of watercourses, the management of drainage and flood defence assets, the delivery of cost beneficial flood alleviation schemes and the provision of information and advice on the drainage and flood risk.

The Agency continues to be actively involved in supporting DOE Planning with the ongoing review of Planning Policy Statement 15 to bring it into line with the Floods Directive and to update the policies related to climate change.

The implementation of the EU Directive on the assessment and management of flood risk (2007/60/EC) more commonly known as the Floods Directive is progressing well. During 2012-13 the Agency continued to produce Flood Hazard and Risk Maps and develop Flood Risk Management Plans.

Significant flooding occurred on 27th and 28th June 2012, primarily impacting on the Greater Belfast area. Rivers Agency, in partnership with co-responders, worked to offer assistance to those impacted by this flood event. It needs to be stressed that the speed and nature of this event limited the responding agencies' ability to deal with all the calls for assistance. This flood event was subject to scrutiny by PEDU and their report is available on the NI Executive website.

The need for regulation of reservoir safety was endorsed by the Executive in November and since then work has been ongoing drafting the bill.

Forestry

The Forest Service publishes its own Annual Report and Accounts and a fuller explanation of its performance may be found there. The most significant events in 2012-13 were:-

- (a) Continued work on developing new forestry land byelaws to support a public right of pedestrian access (PROPA) to most of the Department's forests. The consultation in 2011 had pointed to a need to adopt less restrictive byelaws. The Department listened to the consultation and produced re-drafted Byelaws which are streamlined, less restrictive and strike a better balance between freedom and responsibility. The draft Byelaws received a positive response from both the ARD Committee and the Executive and were finalised in February 2013. Both PROPA and the Byelaws came into operation on 17 March 2013.
- (b) Work also continued on felling regulations to support the introduction of felling licences for woodlands of 0.2 hectares and over. The Department had received agreement from the ARD Committee to delay making the felling regulations until the regulatory and administrative processes had been rigorously tested both internally and with key stakeholders. The felling regulations were substantially revised and are expected to come into operation in June 2013.
- (c) An outbreak of Ash Dieback (*Chalara fraxinea*) led to the making of an emergency amendment to The Plant Health (Wood and Bark) Order (Northern Ireland) 2006. The Plant Health (Wood and Bark) (Amendment) Order (Northern Ireland) 2012, which came into operation on 6 November 2012, restricts the import and movement of ash wood to help prevent the spread of the disease.
- (d) Continued heavy use of forests for informal public access and considerable public interest in the need to renovate the recreational infrastructure and heritage buildings.
- (e) The sale of 425,000m³ of timber certified as coming from sustainably managed forests in difficult trading conditions.
- (f) Forest Service led the Departmental response to Ash Dieback disease and as a result of surveillance and trace forward exercises 50 sites were identified in recently planted ash saplings and horticultural nurseries during the year. Findings of diseased plants were all linked to imports from the Continent and GB. There were no findings of disease in the wider environment. There was close co-operation with the Department of Food and the Marine to ensure that an all Ireland approach was developed to protect us from the disease.
- (g) Forest expansion of 252ha under the EU supported NI Rural Development Plan.

Better Regulation

The DARD Better Regulation Advisory Unit continues to provide a strong advisory and co-ordination function across all departmental business areas to support further progress towards reducing the overall administrative burden on the Agri-Food Sector. The unit has worked with business areas to implement the third and final year of the Better Regulation Action Plan.

The current Better Regulation Action Plan ends at 31 March 2013 and the targets are on course to be achieved. Although the Action Plan has assisted with the reduction of the administrative burden on the Agri-food sector against the 10 most burdensome regulatory areas in 2007, it will not achieve a 25% reduction by 31 March 2013. The re-measurement exercise in 2011 demonstrated a 4.3% reduction and this has been validated by UFU and NIAPA. The fresh re-measurement of progress against the 25% target, is due to commence post 31 March 2013. The overall target will not be met but re-measurement will confirm the level of reduction achieved.

During the last year the Department engaged directly with the farming industry during stakeholder roadshow events and at the 2012 Balmoral Show. Staff had an opportunity to talk directly with farmers and to ask for their views and for any examples of where they think things could be made simpler.

The Department has also raised the profile of the better regulation work being taken forward and has played a key role in liaising with the Department of Enterprise Trade and Investment (DETI) on the overall Northern Ireland Better Regulation Strategy.

Budgetary Outlook

The current budget period, from 2011-12 until 2014-15, is taking place in a very difficult fiscal environment. Although our opening capital budgets increase over the next 2 years, our opening resource budgets fall over the same period. This presents us with challenges in maintaining the delivery of priority services and absorbing inflationary pressures whilst increasing our capital investments. Our financial aim is to balance the books and operate within the baselines allocated to us by the Executive.

DARD has set in place a budget, the strategy of which is to deliver its strategic spending and investment projects whilst undertaking a range of savings delivery measures. The strategy is also to minimise the impact on priority frontline services and essential service delivery.

By the end of this budget period we envisage a Department that is able to continue to provide a sound basis for trade and to help DARD's efforts against animal disease. We will continue to address the issues raised by European auditors which have led to the

ongoing threat of disallowance. We envisage a Department that is moving closer to its customers with decision making closer to the community that we serve. We envisage a more streamlined Department which conducts its transactions with customers in a modern efficient way. We will continue to take forward commercialisation of Forest Service assets and the outcome of CAP Reform, to develop a new Rural Development Programme and to continue our work on Flood Alleviation and plan to advance the relocation of the Headquarters of DARD to a rural location.

Departmental 12/13 Business Plan Outturn

The Department's Business Plan for 2012-13 set out a range of performance targets for the year under each of the 5 DARD Strategic Goals. A summary of outturn for the year under each Goal is as follows:

GOAL 1: Help the agri-food industry prepare for future market opportunities and economic challenges.

Agri-Food Strategy

The Agri-Food Strategy Board (AFSB) has been operational since June 2012 and has met on 11 occasions to date. Engagement with the agri-food sector and wider stakeholders has been ongoing via a public Call for Evidence, 9 sectoral sub-groups and meetings with government partners, including relevant Ministers and Departments/Agencies (DOE, DEL, DFP, NIEA, NITB). The Board has agreed its over-arching Strategic Vision and Key Performance Indicators and work is well advanced on finalising the Strategy document, which will be presented to the DARD and DETI Ministers.

Rural Development

The Department incurred expenditure of £4.2m against a target of £4.7m under Axis 1 of the NIRD 2007-13. This related to the delivery of the Processing & Marketing Grants Scheme, the Farm Modernisation Programme, the Manure Efficiency Technology Scheme, Focus Farms and Farm Family Options mentoring.

Despite the underspend, good progress has been made across the Axis 1 measures. By the end of March, 29 Letters of Offer had been issued in respect of the Processing & Marketing Grant Scheme (PMG) worth £6.1m. PMG opened for another tranche of applications in late November 2012 and closed in January 2013; the assessment process for this is expected to take place during the summer.

2,380 Letters of Offer worth £7m were issued under Tranche 3 of the Farm Modernisation Programme. Payments are expected to commence during April/May.

Since the Focus Farms measure commenced in September 2009 there have been 951 visits carried out by 13,748 visitors by the end of March 2013.

The Farm Family Options Collective Training schemes commenced in late 2012-13; they include the themes of ICT, Animal Health and Welfare (BVD Awareness) and Health & Safety Awareness. In total 2,599 have been trained to date and these training schemes will continue throughout 2013-14.

Under the Skills Training Element of Axis 1 of the NIRD, the Department had a target to improve the competitiveness of farm and horticulture businesses in NI through the provision of a range of innovative and focussed training and information actions to 3,120 people by March 2013. This target was exceeded as 3,798 people received such training.

European Fisheries Fund

Spend under the European Fisheries Fund (EFF) totalled £2.8m compared to an opening target of £4m. The significant proportion of this underspend was a result of the decision not to proceed with a Decommissioning Scheme in Northern Ireland. Despite the underspend, the EFF support provided during the year benefitted all sectors of the local fishing industry, including the catching, processing, aquaculture and harbour sectors.

College of Agriculture, Food & Rural Affairs (CAFRE)

During 2012-13 there were 2,277 people entering employment or working within the agri-food sector achieving a new qualification at NVQ Level 2 or above. This exceeded the CAFRE target of 1,600. CAFRE also delivered a programme of Knowledge and Technology Transfer leading to the adoption of 1,705 technologies by agri-food businesses. This was against a target of 1,500.

Better Regulation

The vast majority of key actions within the three year “Better Regulation Action Plan” have been achieved. There are, however, areas which continue to be developed and these include initiatives such as remote sensing techniques for on-farm inspection and the future development of a cattle electronic identification policy. Further review work has been done with colleagues in DETI on the Regulatory Impact Assessment process and the draft guidance has now issued for consultation.

The three year Better Regulation Action Plan came to an end at 31 March 2013. Using the Standard Cost Methodology, staff will now begin to re-measure the administrative burden savings achieved. This will be validated with the industry. However, while it will have assisted with the reduction of the administrative burden on the Agri-food sector it will not have achieved a 25% reduction by 31 March 2013.

GOAL 2: Improve the lives of farmers and other rural dwellers targeting resources where they are most needed.

Rural Development

Axis 3 continues to make a positive contribution to raising the quality of life in rural areas. Over 1,300 projects have been supported to date with total project spend of £34m up to the end of March 2013.

During 2012-13 expenditure of £14.8m was incurred under NIRDP Axis 3 compared to an opening target of £20.3m. Whilst the original target for 2012-13 was not achieved, the target of £20.3m was based on opening budget allocations which were set as part of the Budget 2010 spending review. These budgets were based on the Council Clusters' implementation plans at that time and those forecasts have since been superseded by more up to date implementation plans. This slippage has been re-profiled into the Council Clusters' implementation plans for 2013-14 and 2014-15 which are in the process of being agreed with DARD.

Looking ahead, over £70m of Axis 3 funds are currently committed (with £34m spent) and Local Action Groups are assessing a further £23m worth of applications.

The Department also incurred expenditure of £4.27m against a 12/13 target of £4m in relation to the overall PfG Commitment to bring forward a £13 million package to tackle rural poverty and social and economic isolation in the 3 years 2012-15. Spend includes £2.4m transferred to DRD, DSD and DHSSPS to deliver schemes in collaboration with DARD. All 10 projects/programmes funded through the Tackling Rural Poverty and Social Isolation Programme in 2012-13 have made a significant impact in the rural community and are continuing in 2013-14.

To date 3,108 households have received visits through the Maximising Access in Rural Areas (MARA) project and 149,000 passenger trips have been funded through the Assisted Rural Travel Scheme (ARTS). Through the Farm Family Health Check Programme 1,558 health screenings have taken place in 58 rural locations (farmers' marts and community venues) and 27,000 contacts have been made through the Connecting Elderly Rural Isolated project. Three hundred unemployed young people have been supported by BOOST, a rural youth employability programme while 460 rural homes have received energy efficiency support through funding support to DSD's Warm Homes Scheme and Power NI's Free Insulation Scheme.

35 Letters of Offer issued to applicants under the Rural Borewells Scheme in 2012-13 with 20 installations completed by year end and another 7 very well advanced.

Rural White Paper

The Rural White Paper Action Plan was approved by the Executive in May 2012 and formally launched by the Minister in June 2012. A meeting of the Inter-departmental Committee on Rural Policy (chaired by the Minister) took place in November at which officials from other Departments provided updates on progress on implementing the commitments contained in the Rural White Paper Action Plan. Further updates were provided for the period October-December 2012 indicating that good progress is being made.

DARD HQ Relocation

In regard to this PfG Commitment, the Minister announced on 3rd September 2012 that she had decided that the new DARD HQ would be at Ballykelly. A first draft of the Business Case, completed at 31 March, will be further refined by information obtained from supporting work on staff surveys, identification of options to accommodate DARD requirements, transition modelling and an assessment of the equality impacts of the decision to move to a rural location.

An EQIA is being carried out on the decision to relocate to Ballykelly and will include a 12 week formal public consultation. A staff survey has been carried out with results currently being analysed by NISRA.

GOAL 3: Enhance animal, fish and plant health and animal welfare on an all Ireland basis

Brucellosis and TB

Excellent progress is being made towards the eradication of Brucellosis as a result of DARD and Industry efforts. The annual confirmed herd incidence reached zero on 28 February 2013, this important milestone being met more than one year ahead of target. The last case of confirmed infection was in February 2012. Continued vigilance by those keeping cattle is essential and in particular the immediate reporting to DARD of any bovine abortion so that Brucellosis can be ruled out. This is also a PfG Commitment.

Following the consultation about changes to the TB and Brucellosis compensation arrangements, the agreed changes to the Brucellosis arrangements have now been implemented. On 29 January 2013 the Minister advised the ARD Committee that having considered the comments made by the Committee following its recent Review into Bovine Tuberculosis, and taking into account the responses received to the public consultations, she has decided to conclude the present review of compensation arrangements and to take the matter of tuberculosis compensation forward as part of a wider review of tuberculosis measures. The matter of TB compensation will be considered as part of the wider review of TB measures to deal with the rise in disease. TB and wildlife research and studies have been commissioned and are proceeding.

Aujeszky's Disease

On 2 October the EU Commission Standing Committee on the Food Chain & Animal Health (SCOFCAH) voted to recognise Northern Ireland as free from Aujeszky's Disease. At the same meeting the south of Ireland was also recognised as free from Aujeszky's Disease.

Production Diseases, including BVD

Animal Health and Welfare NI (AHWNI) was set up by industry to lead on the development and promotion of initiatives to tackle diseases, such as BVD, that are not subject to national control programmes. DARD officials assisted AHWNI in the development of its 4 year Strategic Plan.

The Minister announced start-up funding to AHWNI on 5 March, aimed specifically at assisting AHWNI deliver a BVD eradication scheme and to develop a Johne's Disease control programme. In conjunction with AHWNI, the Department is also rolling out a programme through the Rural Development Programme to raise awareness about BVD and how to tackle it, and the economic and welfare advantages of doing so.

Procurement of the Northern Ireland Food Animal Information System (NIFAIS)

Work on drafting an Outline Business Case (OBC) in regard to the procurement of NIFAIS as a replacement of the current Animal & Public Health Information System (APHIS) is nearing completion. Additional options are currently being considered as part of this review process with legal and procurement advice being sought on their potential for inclusion as shortlist options. A draft exit strategy for the current APHIS system has been produced to ensure continuity of our current services and support transition to the new system.

Animal Health & Welfare Strategy

Work continued, with DAFM, to implement the All-Island Animal Health & Welfare Strategy Action Plan. The All-island Animal Health and Welfare Strategy Steering Group met in June and September 2012 and February 2013 to review progress in the implementation of the All-island Animal Health Welfare Strategy Action Plan and to agree papers for consideration by Ministers at NSMC Agriculture Sectoral meetings. Advice and guidance was provided to support Councils during the first year of their enforcement role in relation to other (non-farmed) animals under the Welfare of Animals Act and monitor implementation.

GOAL 4: Help deliver improved sustainable environmental outcomes

NIRDP Axis 2

The Department met its expenditure target of £25m in relation to Less Favoured Area Compensatory Allowances (LFACAs).

In relation to Agri-Environment Schemes, £22.66m expenditure was incurred against a target of £25.02m. The underspend was mainly the result of a low uptake of only 550 NI Countryside Management Scheme 2 Agreements.

Forest expenditure of £1.414m exceeded the target of £1.397m. In addition, 252 hectares of new woodland were created through the woodland support schemes (against a target of 250 hectares).

Flood Protection

The Rivers Agency target to complete at least 60% of the maps and commence 3 Flood Risk Management Plans as the year 4 actions in a 6 year plan to implement the EU Floods Directive was achieved.

Infrastructure was maintained to provide enhanced flood protection to 15,500 properties with 88% of culverts in a fair condition or better (target 88%); 100% of sea defences in a fair condition or better (target 95%); and 76% of fluvial defences in a fair condition or better (target 70%).

Greenhouse Gas (GHG) Reduction Strategy

A GHG Implementation Partnership (GHGIP) has been established and terms of reference agreed. Sectoral sub groups in the arable, red meat and dairy sectors, which are chaired by industry partners, have drawn up draft sectoral communication plans to underpin Phase 1 of the Agriculture and Forestry GHG Reduction Strategy and Action Plan. Further awareness meetings have taken place in the early part of 2013 with animal feed advisors and the organic farming sector.

GOAL 5: Manage our business and deliver services to our customers in a cost-effective way

Single Farm Payment

A key priority for the Department is to meet the EU target to pay at least 95.24% of the annual budget allocation for Single Farm Payment (SFP) by 30 June following the end of the scheme year. 96.8% of the value of 2011 SFPs was paid at 30 June 2012 so the target of at least 95.24% was met.

95% (35,747) of 2012 claims were finalised and 95% (£233.3 million) of the value of all 2012 SFPs paid out at 31 March 2013.

Inspection Programme

A further priority for the Department was to reduce the risk of future financial correction arising from Single Farm Payment key controls, by ensuring that farm businesses have access to updated maps to inform claims in 2013 and by ensuring a variance of less than 2% in the overall accuracy of field inspections in 2012. While there have been challenges

in relation to maps, it is anticipated that these can be addressed to provide maps to farmers in advance of SAF 2013. The overall accuracy of field inspections in 2012 cannot be finalised until the Legality and Regularity audit is completed and the results are known and an audit report will be submitted to the Commission later this year.

DARD Budget

The Provisional Capital Outturn for 2012-13 is £22.01m against a final budget of £22.259m. This represents 98.9% which falls within the target range of 98% - 100%.

The Provisional Resource Outturn for 2012-13 is £219.844m against a final budget of £220.289m. This represents 99.8% which falls within the target range of 98% - 100%.

The Year 2 Savings Delivery Plan target of £7.864m was exceeded with £8.167m delivered.

A final version of the DARD Asset Management Plan (AMP) was agreed with the Strategic Investment Board (SIB) on the 6 July 2012.

DARD has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

Equality

DARD continued to fulfil its equality obligations. The Department completed its Annual Equality & Disability Progress Reports and provided these to the Equality Commission to meet the Commission's extended deadline of 12 October 2012. An equality and good relations workshop took place on 11 October, attended by key speakers and the DARD senior team. The event provided an opportunity to outline the commitments set out in the Department's new Equality Scheme and its Audit of Inequalities.

Appendix 1

Bodies for which DARD has a degree of responsibility.

The following are the bodies for which DARD had some degree of responsibility during the year:

On-Vote Executive Agencies

- Rivers Agency*
- Forest Service Agency*

Executive Non-Departmental Public Bodies (NDPBs)

- Agri-Food and Biosciences Institute (AFBI) *#
- Livestock and Meat Commission (LMC) for Northern Ireland *#
- Northern Ireland Fisheries Harbour Authority (NIFHA) * #
- Agricultural Wages Board (AWB) for Northern Ireland

Advisory NDPB

- Drainage Council for Northern Ireland

North South Bodies

- The Loughs Agency of the Foyle, Carlingford and Irish Lights Commission* #

Other Bodies

DARD has an ex-officio representative on the Board of Gangmasters Licensing Authority (GLA), a UK-wide body sponsored by Defra which aims to curb the exploitative activities of labour providers (gangmasters) in agriculture, horticulture, forestry, shellfish gathering and the related food processing and packaging sectors. DARD funds GLA enforcement in Northern Ireland.

Notes:

1. *Separate Reports and Accounts are produced for these entities.
2. # These entities have been consolidated, only to the extent of the inclusion of grants paid in the Statement of Comprehensive Net Expenditure.

3. There is no grant-in-aid funding provided to the Northern Ireland Fisheries Harbour Authority and the Livestock and Meat Commission.
4. Expenditure on the Agricultural Wages Board relates to general expenses e.g. travel expenses of members and has been consolidated within the Departmental accounts.
5. The Loughs Agency of the Foyle, Carlingford and Irish Lights Commission is funded jointly by DARD and the Department of Communications, Energy and Natural Resources.

Appendix 2

DARD – Principal Activities

The principal activities undertaken by the entities within the boundary in pursuance of their aims and objectives are outlined below:

Core Department

- Develop and administer policies to maintain or improve the sustainable economic and environmental performance of the agri-food industry.
- Develop and deliver a range of measures, in some cases involving other Departments and Agencies, to tackle rural poverty and social isolation.
- Represent the interests of Northern Ireland agri-food, agri-environment and rural development sectors at national and European level.
- Through the North South Ministerial Council, promote enhanced all-island co-operation on a range of sector-specific topics.
- Implement the EU Common Agricultural Policy.
- Conduct on-farm inspections.
- Approve grant and subsidy applications and process claims in line with scheme regulations.
- Develop and maintain procedures and systems to ensure DARD maintains its status as an accredited Paying Agency for EAGF and EAFRD funds.
- Develop policies to enhance animal health and welfare.
- Apply and enforce public health, animal health and welfare legislation through the prevention/control/eradication of epizootic/enzootic/zoonotic diseases by conducting animal inspections/tests.
- Carry out meat inspection in compliance with national and international standards.
- Implement a programme of inspection, sampling, enforcement, licensing and guidance in relation to food safety.
- Implement animal registration, identification and movement controls.

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- Promote and maintain acceptable welfare standards through inspection.
- Process animal disease compensation payments to eligible applicants.
- Develop and administer policies to conserve and enhance biodiversity, water quality and the rural environment.
- Implement a programme of audits, management plan development, inspections and guidance in relation to agri-environment schemes.
- Implement Government policy through inspection, enforcement, licensing, certification and guidance relating to agriculture, horticulture and food.
- Deliver and provide financial support for a range of Higher and Further Education courses at CAFRE.
- Deliver a programme of Lifelong Learning through short courses, to enhance competitiveness throughout the agri-food industry and to develop environmentally responsible farming and rural enterprise.
- Establish necessary legislation to implement new schemes under the European Agriculture Fund for Rural Development and promote the schemes.
- Provide advice and guidance to DARD staff on agricultural and fisheries related State Aids issues.
- As an accountable Department for the EU Interreg IVA Programme, provide support and funding for the delivery of cross-border Rural Development initiatives.
- Undertake statutory Section 75 equality duties and implement the commitments set out in the Department's Equality Scheme.
- Conserve and protect sea fisheries.
- Conserve and protect the marine environment in respect of fishing operations within Special Areas of Conservation.
- Monitor commercial fishing activity and carry out inspections of fishing vessels and catches ashore and at sea.
- Implement European Cod Recovery Plan.
- Contribute at National and European level to reform of the Common Fisheries Policy.
- Promote sustainable development of aquaculture through support for evidence gathering and innovation, regulation and enforcement.
- Meet EU fish health requirements and maintain and enhance Northern Ireland's fish health status.
- Implement the EU Common Fisheries Policy and UK fisheries policies.
- Assist in the development of an efficient commercial fisheries sector.
- Approve European Fisheries Fund Grant applications and process claims in line with scheme regulations.
- Work with the Irish Government to support the operation of the Loughs Agency of the Foyle, Carlingford and Irish Lights Commission.
- Conduct fish health inspections and check fish farm compliance with fish culture licence and APB authorisation conditions.
- Manage and implement the Northern Ireland Rural Development Programme 2007-2013.

- Development of the Northern Ireland Rural Development Programme 2014-2020.
- Rural White Paper Action Plan, Rural Champion, Rural Proofing.
- Commission evidence gathering and innovation support activity to ensure that DARD policies deliver the best possible outcomes; and ensure communication of the findings to policy makers, industry and other end-users.
- Commission and manage a comprehensive programme of scientific testing, analysis, diagnosis, research, advice and emergency response through the Agri-Food and Biosciences Institute.
- Chair of the Implementation Partnership to deliver the GHG Reduction Strategy Phase 1 Action Plan – actions associated with Renewable Energy are included in the GHG Reduction Strategy.
- Implement jointly with DOE, the Nitrates Action Programme 2011-2014 to reduce nutrients from agricultural sources entering the water environment.
- Manage jointly with DOE, the Nitrates Directive Derogation for intensive grassland farms.
- Implement the EU Thematic Strategy on Pesticides through the National Action Plan.
- Respond positively to issues raised by members of the public through the Freedom of Information Act, Environmental Information Regulations and the Data Protection Act.
- Provide effective sponsorship, governance and oversight of the Department's Arms Length Bodies.

Rivers Agency

- Maintain watercourses and sea defences which have been designated by the Drainage Council for Northern Ireland.
- Construct and maintain drainage and flood defence structures.
- Administer advisory and enforcement procedures to protect the drainage function of all watercourses.
- Provide information on flood risk.
- Progress the development of the Reservoir Bill.

Forest Service Agency

- Develop and administer forestry policy.
- Encourage the extension of the area of woodland by the private sector and by public sector planting.
- Continue the sustainable management of woodlands including replanting.
- Supply wood to the timber industry.
- Promote access to and use of forests for social, recreational and tourism purposes.
- Explore opportunities to develop the commercial potential of the forest estate.

Financial Review

Accounting Policies

The financial statements have been prepared in accordance with the 2012-13 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance & Personnel. The accounting policies contained in the 2012-13 FReM apply International Financial Reporting Standards (IFRS), as adapted or interpreted for the public sector context.

Operating Costs

The net operating cost of the Department in 2012-13 was £231.4 million. Gross expenditure was £551.6 million and income was £320.2 million.

When expenditure and income relative to the Common Agricultural Policy (CAP), including CAP Disallowance, is excluded the amounts are £268.8 million and £37.3 million for expenditure and income respectively.

The 2011-12 operating costs, after similar CAP adjustments, were £265.7 million and £36.9 million for expenditure and income respectively.

This results in a net unfavourable variance of £2.6 million between 2011-12 and 2012-13 (an increase in expenditure of £3 million and a decrease in income of £0.4 million).

Further detailed explanations of variances are provided at Note 2.

Resource Outturn

The Statement of Assembly Supply summarises the resource outturn for 2012-13.

The net total resources required were £230.1 million compared to an estimated net total of £248.1 million. Note 2 to the Accounts provides an analysis of Resource Outturn and Estimate by section while Note 3.1 sets out a reconciliation to the Net Operating Cost. Table 2 below sets out a comparison of resource estimate and outturn:

Table 2

	Estimate £million	Outturn £million	Variance £million
Gross Expenditure	576.9	550.2	26.7
Accruing Resources	(328.8)	(320.1)	(8.7)
Net Total	248.1	230.1	18.0

Outturn against the Administration Budget

Outturn against the Administration Budget is shown at Note 3.2 to the Accounts.

Gross administration costs amounted to £39.6 million, while outturn against the Administration Budget was £38.5 million which was within the agreed limit of £39.3 million. This reflects the continuing pressure being applied to administration cost budgets.

Capital Employed

Total Capital Employed has increased from £896.2 million at 31 March 2012 to £950.1 million at 31 March 2013.

The increase of £53.9 million is largely attributable to:

- an increase in PPE and Biological assets of £39.7 million mainly due to revaluations on Biological Assets (Timber) of £11 million, Land and Buildings of £21 million and £10 million on Rivers Networked Assets.
- a decrease in the value of Trade receivables and other assets of £9 million due to the reduction in the structural fund debtor and the RPA (CAP) debtor.
- a decrease in Trade and other payables mostly due to the settlement of outstanding CAP disallowances of £30 million.

Notes 13 to 23 provide further details on assets and liabilities.

Net Cash Requirement

The Net Cash Requirement at £239.6 million is £38.9 million less than the estimate (£278.5 million). This largely reflects both the resource underspend of £18 million, explanations for which are supplied at note 2, and the need to have cash cover in place in the event that CAP disallowance liabilities carried forward at 1 April 2012 fell due for payment in year.

Further detailed explanations of this variance are provided at Note 4.

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Reconciliation of Resources Expenditure Between Estimates, Accounts and Budgets

	2012-13 £'000	2011-12 £'000
Net Resource Outturn (Estimates)	230,054	235,560
Adjustments		
Prior Period Adjustments	-	-
Transfer between reserves (see note 3.1b)	-	-
Less Consolidated Fund Extra Receipts (CFER's) in the Statement of Comprehensive Net Expenditure	(44)	(300)
Remove other adjustments (Unrealised Exchange Losses)	1,447	1,051
Net Operating Cost (Accounts)	231,457	236,311
Adjustments:		
Less Capital Grants	(21,271)	(23,101)
Less European Union income related to capital grants	12,149	14,957
Add other Consolidated Fund Extra Receipts (CFER's) in the Statement of Comprehensive Net Expenditure	44	300
Less notional inter-departmental charges	(15,114)	(15,527)
Less Non-Budget grants payable to NDPBs	(36,685)	(40,062)
Less other voted expenditure that is outside the Resource Budget	(1,447)	(1,051)
Add non-voted expenditure that is outside the Statement of Comprehensive Net Expenditure	-	-
Add NDPB resource expenditure	41,620	42,697
Resource Budget Outturn	210,753	214,524
Of which:		
Departmental Expenditure Limit (DEL)	218,402	210,494
Annually Managed Expenditure (AME)	(7,649)	4,030

Remuneration Report

Departmental Remuneration Report 2012-13

Remuneration Policy

The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a restructured SCS pay settlement broadly in line with the Senior Salaries Review Board report which he commissioned in 2010. The commitment to a Pay and Grading Review for SCS was the second phase of the equal pay settlement approved by the Executive.

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at www.nicscommissioners.org

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Minister and most senior management of the Department.

Annual Report and Accounts for the year ended 31 March 2013

Remuneration [Audited Information]

	2012-13			2011-12		
Ministers	Salary £	Bonus £	Benefits in kind (to nearest £100)	Salary £	Bonus £	Benefits in kind (to nearest £100)
Minister Mrs. Michelle O'Neill MLA	37,801	-	-	33,127	-	-
Officials	2012-13			2011-12		
	Salary £'000	Bonus £	Benefits in kind (to nearest £100)	Salary £'000	Bonus £	Benefits in kind (to nearest £100)
Mr N Lavery Permanent Secretary From 1 March 2013	5-10 (full year equivalent 100-105)	-	-	-	-	-
Mr G Lavery Acting Permanent Secretary to 28 February 2013 and Senior Finance Director from 1 March 2013	100-105	-	-	95-100	-	-
Mr D Small * Deputy Secretary 3 from 4 July 2011	80-85	-	-	60-65 (part year: 80- 85 full year equivalent)	-	-
Mr R M Houston * Deputy Secretary 3	90-95	-	-	85-90	-	-
Dr M Browne * Deputy Secretary 3	80-85	-	-	80-85	-	-
Mr D G Trelford * Assistant Secretary 5	50-55	-	-	50-55	-	-
Miss W Johnston * Acting Senior Finance Director to 28 February 2013	75-80 (part year: 80- 85 full year equivalent)	-	-	65-70 (part year: 80- 85 full year equivalent)	-	-

Annual Report and Accounts for the year ended 31 March 2013

Mr G Wilkinson Finance Director	60-65	-	-	10-15 (part year: 55- 60 full year equivalent)	-	-
Mr D Russell Non-Executive Director	15-20	-	-	10-15	-	-
Mr F Caddy Non-Executive Director	10-15	-	-	10-15	-	-
Band of Highest Paid Director's Total	100-105			95-100		
Remuneration Median Total	26,638			25,012		
Remuneration Ratio	3.8			3.9		

*In line with the SCS pay award arrangements for 2012, staff who, after assimilation to the new pay scales, received less than 1% consolidated increase to their salary received a non consolidated pensionable payment to bring them up to the equivalent value of 1%. 5 officials received a non-consolidated pensionable payment in the range £0-£1k.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any gratia payments.

The Department of Agriculture and Rural Development was under the direction and control of Mrs Michelle O'Neill MLA. The Ministers' salary and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in these resource accounts. These amounts do not include costs relating to the Ministers' role as a MLA which are disclosed elsewhere.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2012-13 relate to performance in 2012-13 and the comparative bonuses reported for 2011-12 relate to the performance in 2011-12.

Fair Pay

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the Department of Agriculture and Rural Development in the financial year 2012-13 was £100,000-£105,000 (2011-12 £95,000-£100,000). This was 3.8 times (2011-12 3.9) the median remuneration of the workforce, which was £26,638 (2011-12 £25,012). The increase in the median salary (which is due to pay agreement) has resulted in the drop in the multiple from 3.9 to 3.8.

No employees received remuneration in excess of the highest paid director in either year.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

These calculations have been based on guidance in FD (DFP) 05/12 and are calculated on the basis of annualised salary information for the final period of the year. An adjustment has also been made to take account of agency staff working in the Department.

Median salary has increased due to the staff payrise in August 2012 increasing at a greater rate than that of the higher paid director resulting in a reduction in the ratio from 3.9 to 3.8.

Off Payroll engagements

There were no off payroll engagements at a cost of over £58,200 per annum in place as at 31st January 2012.

Pension Benefits [Audited Information]

Minister	Accrued pension at age 65 as at 31/3/13	Real increase in pension at age 65	CETV at end date 31/3/13	CETV at start date** 31/3/12	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Mrs. Michelle O'Neill MLA	0-5	0-1	16	9	4

***The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2009.*

Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2012 (AMPS). The scheme is made under s48 of the Northern Ireland Act 1998. As Ministers will be Members of the Legislative Assembly they may also accrue an MLA's pension under the AMPS (details of which are not included in this report). The pension arrangements for Ministers provide benefits on a "contribution factor" basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50th or 1/40th) multiplied by the cumulative contribution factors and the relevant final salary as a Member.

Benefits for Ministers are payable at the same time as MLA's benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Ministers pay contributions of either 7% or 12.5% of their Ministerial salary, depending on the accrual rate. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. This is currently 21.6% of the Ministerial salary. The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65 or immediately on ceasing to be an active member of the scheme if they are already 65.

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This is the increase in accrued pension due to the Department's contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using common market valuation factors for the start and end of the period.

Pension Entitlements [Audited Information]

Officials	Accrued pension at age 60 as at 31/3/13 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at end date 31/03/13	CETV at start date 31/03/12	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mr N Lavery Permanent Secretary	20-25 plus lump sum of 15-20	0-2.5 plus lump sum of (0-2.5)	361	349	1	-
Mr G Lavery Deputy Secretary 3	45-50 plus lump sum of 145-150	0-2.5 plus lump sum of 5-7.5	1,137	1,035	43	-
Mr D Small Deputy Secretary 3 from 4 July 2011	30-35 plus lump sum of 100-105	2.5-3 plus lump sum of 7.5-10	618	535	52	-
Mr R M Houston Deputy Secretary 3	30-35 plus lump sum of 95-100	0-2.5 plus lump sum of 0-2.5	744	690	13	-
Dr M Browne Deputy Secretary 3	25-30 plus lump sum of 85-90	0-2.5 plus lump sum of 2.5-5	562	510	22	-
Miss W Johnston Acting Senior Finance Director to 28 February 2013	35-40 plus lump sum of 105-110	0-2.5 plus lump sum of 5-7.5	671	601	37	-
#Mr D G Trelford Assistant Secretary 5	0-5 plus lump sum of 5-10	0-2.5 plus lump sum of 0-2.5	52	38	12	-
Mr G Wilkinson Finance Director	10-15	0-2.5	114	94	12	-

Mr D G Trelford partially retired with effect from September 2009. An annual commuted pension in the range £25-30,000 is payable that has been abated to £5-10,000 per annum. On his partial retirement Mr Trelford also received a lump sum in the range £160-165,000.

*** The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2009.

Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by The Assembly each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is an 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI. For 2013, public service pensions will be increased by 2.2% with effect from 8 April 2013.

Employee contributions are determined by the level of pensionable earnings. The current rates are as follows:

Members of **classic**:

Annual pensionable earnings (full-time equivalent basis)	New 2013 contribution rate before tax relief
Up to £15,000	1.50%
£15,001-£21,000	2.70%
£21,001-£30,000	3.88%
£30,001-£50,000	4.67%
£50,001-£60,000	5.46%
Over £60,000	6.25%

Members of **premium**, **nuvos** and **classic plus**:

Annual pensionable earnings (full-time equivalent basis)	New 2013 contribution rate before tax relief
Up to £15,000	3.50%
£15,001-£21,000	4.70%
£21,001-£30,000	5.88%
£30,001-£50,000	6.67%
£50,001-£60,000	7.46%
Over £60,000	8.25%

Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**. Further details about the CSP arrangements can be found at the website www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office

No compensation has been paid to senior officers by the Department during the year for loss of office.



Mr Noel Lavery
Accounting Officer
Department of Agriculture and Rural Development
25 June 2013

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Statement of Accounting Officer's Responsibilities

1. Under the Government Resources and Accounts Act (NI) 2001, DFP has directed the Department to prepare for each financial year, resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year.
2. The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, the net resource outturn, resources applied to objectives, changes in taxpayers' equity, and cash flows for the financial year.
3. DFP has appointed the Permanent Head of the Department as Accounting Officer of the Department, with responsibility for preparing the Department's accounts and for transmitting them to the Comptroller and Auditor General.
4. In preparing the accounts, the Accounting Officer is required to comply with the Government Financial Reporting Manual and in particular to:
 - a observe the Accounts Direction issued by DFP, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
 - b make judgements and estimates on a reasonable basis;
 - c state whether applicable accounting standards, as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
 - d prepare the accounts on a going-concern basis.
5. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department of Agriculture and Rural Development's assets, are set out in the Accounting Officers' Memorandum issued by DFP and published in Managing Public Money Northern Ireland.

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Governance Statement

This is the Annual Governance Statement for the Department of Agriculture and Rural Development (DARD). As required by DAO (DFP) 10/12, the Governance Statement replaces the Statement on Internal Control which was included in previous Annual reports. The Governance Statement sets out the governance, risk management and internal control arrangements that have operated in the Department during the financial year from 1 April 2012 to 31 March 2013.

I was appointed Permanent Secretary and Departmental Accounting Officer for DARD on 1 March 2013. Prior to my appointment, Mr Gerry Lavery was interim Permanent Secretary and Departmental Accounting Officer.

As Accounting Officer for DARD, I have responsibility for maintaining a sound system of internal control that supports the achievement of DARD policies, aims and objectives, whilst safeguarding public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland (MPMNI).

The Department regards its Agencies and Non-Departmental Public Bodies (NDPBs) as partners, although these latter bodies are in practice Arms' Length Bodies underpinned by strict accountability arrangements.

The Department's financial statements have been prepared in accordance with the 2012-13 Government Financial Reporting Manual (FRoM) issued by the Department of Finance and Personnel. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

The current budget period has been challenging for the Department as we are funding strategic spending projects within the Department's reduced budget allocations. In order to meet these projects and deliver essential front line services, we are making resource savings of £40m over the 4 year budget period.

Programme for Government (PfG)

DARD's four PfG Commitments for the period 1 April 2012 to 31 March 2015 were approved by the Departmental Board and the Minister and considered by the ARD Assembly Committee. A Senior Responsible Officer (SRO) has been appointed for each of the Commitments and a detailed Delivery Plan drawn up for each. A summary of the Delivery Plans has been published on the Department's website. Progress on

the Commitments is reported quarterly in accordance with the processes defined by OFMDFM. Progress is considered by the Department's Top Management Group (TMG) and Minister prior to submission to OFMDFM for scrutiny by the PfG Central Team. The Department's processes relating to PfG were considered by Internal Audit Branch during the year.

Details of the Department's performance in respect of these PfG Commitments, as well as the Department's performance against its five Strategic Goals, are outlined in the Operating Review section of this Annual Report.

Ministerial Directions

During the year the Minister directed on the following issues, and a full Ministerial Direction process is being completed:

- **DARD HQ Relocation**
To set in place the necessary actions to permit the relocation of DARD HQ and staff from Belfast and other sites, to rural locations.
- **Winter Hardship Support**
The creation of a Hardship scheme to provide emergency aid due to extreme weather conditions and, in the aftermath, for the collection and disposal of animal carcasses in order to prevent potential bio hazard incidents.
- **Fodder scheme**
The creation of a scheme to increase supply of fodder into Northern Ireland for farmers finding themselves in difficulty and a shortage of fodder due to the current unseasonably poor weather.

The governance framework of the organisation

The governance framework, which includes the system of internal control, is designed to manage DARD's risks to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. A system of internal control has been in place for the year ended 31 March 2013, and up to the date of approval of the Annual Report & Accounts, in accordance with HM Treasury and DFP guidance.

The Chief Executives of the Rivers Agency and Forest Service are Agency Accounting Officers, directly responsible to me for their respective Agency's performance and operations.

Annual Report and Accounts for the year ended 31 March 2013

Additional assurance is obtained through a formal Governance Reporting process. Stewardship Reports are provided by individual business areas, including those which sponsor Arm's Length Bodies covering the accountability arrangements for those Bodies. The Stewardship Reporting process is monitored by Finance Division and Internal Audit; any issues of significance are highlighted in the Stewardship Reports and reported to the Corporate Governance & Audit Committee (CGAC).

Further details of the Departments Governance Framework are outlined on page 7 of this Annual Report.

The Departments Corporate Governance Framework is available via the following link: <http://www.dardni.gov.uk/corporategovernanceframework>

Departmental Board

As Accounting Officer, I am supported by the Departmental Board and two Independent Board Members (IBMs).

The Board supports, and is accountable to, the Minister and is chaired by me, as the Department's Permanent Secretary.

The two independent members of the Board are considered to be independent in character and judgement. All Board members are required to list, on an annual basis, their interests on a register, which is published via the Departmental website. Additionally, Board members are required at the beginning of each Board meeting to declare any new interests. During the 2012-13 period no declared interests were deemed to conflict with the conduct of Board business.

The Board meets on a regular basis throughout the year to discuss Departmental business at a strategic level. Details of the Board membership, responsibilities and attendance at meetings are included in the Director's Report and Corporate Governance sections of this Annual Report. During 2012-2013 Departmental Board members participated in an externally facilitated workshop designed to review aspects of the Board's structures and operations, and it is expected that changes will be made to these in 2013-2014.

I am content that the Department is in compliance with the good practice requirements of the Corporate Governance Code for central government departments.

Review of Board Effectiveness

During the year the Board reviewed its operating procedures, including the quality and timeliness of the information provided to it. As a result of this exercise, the Board asked for a small number of amendments to be made to the data provided in order to improve the Board's decision making processes. The Board reported that overall, the data being presented to it is of an acceptable standard and that the quality and timeliness of the information received has enabled it to operate effectively.

Committees of the Departmental Board

The Board has a number of committees. An overview of the various committees is provided in the Corporate Governance section of this Annual Report.

Having committees improves the level of information flow to the Board and enables it to focus more on strategic direction and decision-making. As recommended in the "Corporate Governance in Central Government Departments: Code of Good Practice NI (2013)", all of the Board sub committees are chaired by a member of the Board.

Corporate Governance & Audit Committee

The Corporate Governance and Audit Committee (CGAC) support me in my responsibilities for issues of risk, control and governance. CGAC does this by reviewing the assurances being provided by the Department's business areas.

CGAC met 4 times during the year and was attended by all members. In addition, CGAC met at Interim and Final Accounts stages, to provide me with the assurance that it is appropriate to sign the Accounts. In addition to these meetings, the CGAC Chairman held separate bi-lateral meetings with myself as DARD's Permanent Secretary, the NIAO and with DARD's Internal Audit Branch. CGAC meetings are attended by DARD Senior Officers along with representatives from DARD's Finance Division, Corporate and European Services Division and CGAC Secretariat.

The Chairman of CGAC has provided me with an annual report confirming that CGAC is content that the assurances provided by Senior Responsible Officers meet the Governance requirements of the Department.

In compliance with the Department's Arms Length Body (ALB) Sponsorship manual, an annual meeting of the Audit Committee Chairs was held to enable the Audit Committee Chairs from each of the ALB's to discuss and share best practice. Internal Audit and NIAO addressed the event providing helpful briefing on key topics.

Risk Review Group

The Departmental Risk Review Group (RRG) met four times during the year. The Group reports to CGAC on effectiveness of the risk management process, including the content of the Corporate Risk Register. RRG made recommendations on risk assessments to be applied to DARD's key risks.

Counter Fraud Forum & Central Investigation Service

The Department's Counter Fraud Forum met four times during the year and was tasked with overseeing and promoting the Department's activities associated with countering fraud.

During 2012-13 the Central Investigation Service (CIS) investigated and pursued prosecutions where fraud was uncovered. The Department also continued to implement counter fraud measures and controls over the period. Fraud is considered in the context of business area risk management plans. Promoting a culture of anti fraud consciousness remains a key objective within DARD and the Department's CIS continues to deliver fraud awareness training to staff across the Department. The Department is also represented on the NICS Fraud Forum.

A revised DARD Counter Fraud Strategy was developed and published during the year. This revised Strategy, which builds on the one published in 2002, provides the framework for the management of fraud risk across the Department in core operational Divisions, the Executive Agencies and DARD sponsored NDPBs. It will lead to the development of a range of measures which apply proportionate and well targeted pressure at all levels to fraud risk and where efforts may have greatest impact.

Internal Audit

The Department has an Internal Audit Branch (IAB), which operated to defined Government and internationally accepted Internal Audit Standards (GIAS). IAB submits quarterly progress reports to CGAC and an Annual Report which includes the Head of Internal Audit's objective evaluation of, and opinion on, the adequacy and effectiveness of the Department's framework of governance, risk management and control together with recommendations for improvement.

In the Internal Audit Annual Opinion Report for 2012-13 it confirms that the Branch is generally satisfied that the Department's governance, risk management and control framework are effective.

External Audit Assurance

Department of Finance and Personnel (DFP) Internal Audit branch issued its annual interdepartmental assurance report on all services provided by DFP to other Departments. For 2012-13, the DFP Head of Internal Audit provided an overall satisfactory opinion on Enterprise Shared Services, which include, Account NI, IT Assist, HR Connect and CAL.

DFP Internal Audit also provided satisfactory opinions on Central Procurement Directorate, and the Departmental Solicitors Office.

Review of effectiveness of the system of internal control

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors and the Senior Responsible Officers (SRO) within the Department who have responsibility for the development and maintenance of the internal control framework. I also take account of comments made by the external auditors in their management letter and other reports.

The SRO's report any weakness in the Department's systems of internal control through the stewardship and risk management reporting process. I have been advised on the effectiveness of the system of internal control by the Board, the Corporate Governance and Audit Committee and the Risk Review Group. Plans to address any weaknesses identified and to ensure continuous improvement of the system are in place. In addition, the Head of Internal Audit has provided me with a satisfactory opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control for 2012-13.

The Department's system of internal control, as outlined above, will continue to operate and we will continue to strengthen controls where appropriate. For the incoming year, the Department plans to:

- Continue to review its CRR with a view to ensuring that where necessary further improvements to the process of risk management will be made;
- Promote and develop counter fraud awareness across the Department; and
- Improve financial management generally and the quality of financial information to the Departmental Board.

Risk and Control Framework

The Department's approach to risk management is objective driven. Our Aim and Strategic Goals, agreed at Ministerial level, drive the critical aspects of the Department's activities. The Department's Risk Management Strategy during the year remained effective. Part of this Strategy is the maintenance of a Corporate Risk Register to help ensure that the Department's Key Risks are being managed effectively.

The Department's corporate governance arrangements are underpinned by a robust risk management process embedded into DARD's systems and procedures. The DARD Corporate Risk Register (CRR) was based upon the Department's key strategic risks and its format was in line with best practice guidance. When including risks in the CRR the root causes were identified against each Key Risk along with the mitigating controls, including any additional actions necessary to address residual risks. Senior Responsible Officers (SRO's) at Grade 5/6 were identified for each key risk and each SRO provided updates to Risk Review Group meetings.

During 2012, a new strategic risk was identified, when the presence of *Chalara fraxinea*, a fungal pathogen causing ash dieback disease, was confirmed in Northern Ireland. Further details of the mitigating actions taken as a result of this are included in the Operating Review section of this Annual Report.

Also during the year a risk was identified by the Department relating to the governance and accountability of AFBI as the Department's major NDPB. The mitigating actions taken by the Department include the completion of a risk assessment of AFBI's activities which is designed to inform the Department's oversight of the NDPB. A total of 18 improvement actions have been identified as a result of the risk assessment and a prioritised approach is being taken to implement the actions.

In addition to the maintenance of a Corporate Risk Register each business area completes a Risk Management Plan linked to performance targets. In this way risk management remains a key function in managing business performance and remains a live process. The responsibility for the identification and reporting of risks is cascaded throughout the organisation and, as a result, ownership of risk is allocated to specific Senior Responsible Officers. Throughout the year business areas were provided with advice and guidance on risk management issues.

A key element of the Department's Risk Management Strategy is DARD's appetite for risk which helps risk owners identify operationally acceptable risks in the Department. Business areas with the appropriate skills and expertise continue to assess and manage risks at an operational level. If the business area considers the level of risk is going to rise beyond the acceptable threshold, then that risk is elevated for senior management review. This mechanism ensures that the Department's risk appetite is considered in a timely fashion and assessed at the most appropriate level within the Department.

Analysis of, and response to, risk is key to corporate governance and DB has overall responsibility for the management of risks associated with the delivery of the Department's functions. DB relied on a variety of mechanisms to confirm that the Department's corporate and other risks were being managed effectively. These mechanisms included:

- scrutiny of the Corporate Risk Register by DB;
- receipt of ad hoc and regular reports on specific risks by DB and Top Management Group (TMG) meetings;
- assurances received from CGAC;
- the work undertaken by the Department's Internal Audit Branch; and
- risk registers produced and monitored at Group and Divisional level.

Information Risk

Cabinet Office guidance on the control and security of information and data requires the management of information risk to explicitly feature in an organisation's Governance Statement. I ensured that information assurance is actively managed as one of the key risks on DARD's Corporate Risk Register. Key sources of information assurance for DARD are the Departmental Information Management Committee and the Department's Senior Information Risk Officer (SIRO), supported by trained Information Asset Owners (IAOs). Other assurance is also provided to me by the Departmental Security Officer and Assistant Departmental Security Officer, the Departmental IT Security Officer, IT Assist, Information Management Branch, the Department's Risk Review Group, the NICS IT Accreditation Panel, the DARD IT Accreditation Committee, and other committees responsible for the Department's key IT systems.

In addition, the Department's Internal Audit Branch (IAB) helps the SIRO fulfil his assurance obligations through coverage of key information risk areas in their annual programme. This includes an in-depth review of system security operating procedures for key IT systems. DARD has completed and submitted a satisfactory return as part of the Northern Ireland Civil Service Risk Management Overview for 2012-13.

As noted earlier in the "Security of Personal Data" section of the report, in April 2012 it was necessary to notify the Information Commissioner's Office about one incident in relation to the loss of personal data. The ICO considered this incident and acknowledged the Department's policies and procedures in place to deal with the incident and took no formal action. The Department has taken further steps to prevent any reoccurrence.

Significant internal control issues

CAP Disallowance

The Department continues to mitigate against financial correction with a programme of audit compliance work that is underway to ensure compliance with EU Regulations. Key aspects of this have been to issue farmers with further enhanced maps and to provide a maximum eligible area (MEA) for each field. While some problems with IT functionality meant that, for around 3,560 businesses, a significant number of fields were missing from the revised map, DARD worked to resolve this issue as quickly as possible and re-issued these maps to the businesses involved. In all cases, the revised field areas and MEA were used to pre-populate this year's Single Application Forms and will be used to validate the 2013 claims. In addition, DARD continues to strengthen the on-the-spot controls through the introduction of Control with Remote Sensing technology and participation, for a second year, in a voluntary audit of legality and regularity.

Despite the progress made in 2012 and 2013, considerable work remains to be done to ensure our integrated administration and control system (IACS) works effectively and efficiently in the context of a revamped mapping system and that the Department continues to reduce risk to the Fund from area-based schemes in the run-up to CAP Reform, which is expected to add considerable complexity and, therefore, risk to the delivery of the Common Agricultural Policy from 2015 onwards.

In relation to the Area Aids corrections, in February 2013 the Commission confirmed its position regarding the 2009 scheme year and applied a correction of €15.73m. As indicated in the Operating Review on page 25 & 26, the Department provided the Commission with the details of risk assessments for the 2010 and 2011 scheme years but as yet there has been no further correspondence from the Commission regarding these financial corrections. Based on an estimated risk to the fund the Department's prudent estimates indicate a financial correction is likely to be in the region of 3% for the 2010 and 2011 scheme years. Accrued expenditure for disallowance has, therefore, been recognised on this basis in respect of the Area Aids 2011 scheme year in these financial statements. There does remain some uncertainty about the final quantum of disallowance for the 2010 and 2011 scheme years. The Department expects confirmation of this during the 2013-14 financial year, together with the date of due payment.

On 6 September 2012, the Commission confirmed the position for 2008 and 2009 in relation to Single Farm Payment (SFP) entitlements. The net effect of this correction was €3.77m. On 21 March 2013, the proposed correction in relation to the legacy scheme bovine premium for claim year 2003 of €1.19m was discussed at the Agricultural Funds Committee. DARD is now waiting on this decision being published.

Most recently the Commission has proposed a financial correction of €3.99m for cross-compliance issues identified during a 2009 audit. DARD has challenged the amount

of correction proposed and has requested conciliation. DARD has also challenged the Commission's area aids corrections applied in respect of the 2006, 2007/2008 and 2009 scheme years and has lodged 3 separate cases in respect of these years with the European Court.

Agri-Food & Biosciences Institute (AFBI) - NIAO Value for Money Review

An NIAO Value for Money report on AFBI has been received. The report focuses primarily on AFBI's Research & Development agenda, though it also looked at broader governance issues. The report indicates significant concerns around management of Research & Development, costings, cost and time over-runs and impact of the research. The NIAO report is due for publication in September 2013 and a Public Accounts Committee hearing has been scheduled for 23rd October 2013.

Other control issues reported by Internal Audit Branch

For 2012-13, the Annual Internal Audit report provided a satisfactory opinion.

Overall Internal Audit Branch (IAB) issued its opinion based mainly on the results of 60 final reports presented to CGAC over the period, 55 of these reports had positive opinions, 3 had limited opinions and 2 reports were issued for special exercises in which no opinion was appropriate due to the nature of the work. Details of the most significant concerns reported by DARD IAB over the period are as follows:

Review of RDD Administration and Management of EAFRD Axis 1 Contract

IAB provided a 'limited' opinion due to the number of findings and recommendations in relation to the processes for monitoring of the contract with Countryside Services Limited (CSL). Management have provided comprehensive and positive responses to the recommendations and advised that significant progress has been made to implement the findings.

Article 31 Return – Commission Regulation (EC) No. 65/2011

IAB identified a number of issues in relation to the completeness and accuracy of the Article 31 Report for 2011, and made related recommendations to ensure accurate and consistent adherence to the relevant EC regulatory requirements and guidance notes.

As a result of the audit review and recommendations made, a revised Article 31 return for 2011 was submitted to the UK Co-Ordinating Body on 16 January 2013. A working group has been set up to take the recommendations forward for the 2012 report in July 2013.

DARD European Services Branch has also committed to ensuring that progress will be reported at the quarterly meetings of the DARD Paying Agency Accreditation Committee

and that lessons learned will be applied effectively for future statistical returns to the EC.

Departmental Procurement Review

IAB provided a 'limited' opinion for the review of Procurement within DARD, its Agencies and NDPB's. In response, a number of initiatives have been, or are in the process of being, taken forward to address the IAB concerns, including the following:

- The Finance Director attends a Procurement working group which includes Account NI and the Central Procurement Directorate (CPD), to review procurement/contract procedures and reporting requirements within the Account NI system;
- Financial Systems Branch are working with AccountNI to identify and merge duplicate suppliers/supplier sites and deactivate as appropriate;
- Financial Systems Branch have proposed enhanced controls over the vendor set-up process;
- A section was included in the Stewardship pro forma for the 2012-13 financial year requiring business areas to detail how they ensure that procurement procedures are being adhered to;
- The Arms Length Body Manual has a requirement for regular verification checks by the Sponsor Branch and/or Financial Policy Branch.

An IAB follow-up review is planned for June/July 2013.

Loughs Agency – Procurement Investigation

Internal Audit previously reported a 'limited' opinion (Final Report 6 October 2011) due to the nature and significance of the findings. The key concerns related to the qualifications of the contracted project manager; issues concerning the procurement of the vessel's shipping to the UK including conflicting interests; safety and legal issues relating to the vessel's passages to Scotland and Northern Ireland respectively; and concerns expressed by the Marine and Coastguard Agency following relevant inspections.

While Internal Audit acknowledged the relevant mitigations, the findings indicated significant systemic weaknesses in the Agency's management and control systems. Internal Audit recommended a flat rate financial correction of 10% of the EC (FIFG) funding element of this project (£45,000). The recommendation was endorsed by the DARD Sponsor Branch and accepted by the Loughs Agency Management Board.

The Agency management board reacted positively and commissioned a Post Project Evaluation to satisfy the Board that lessons had been learned from the findings of the Internal Audit report, and that staff were better equipped to manage projects of this nature in future. A board sub-committee was also established and meets regularly to discuss in detail any issues that arise with the vessel.

DG Mare (European Commission) raised a number of further queries and expressed concerns over the eligibility of the project along with the procurement issues raised by Internal Audit. The total amount of funding at risk (EC element) is £450,000.

The key EC concern relates to the use of the vessel for enforcement activities. The Department has recently confirmed that all of the vessel's time at sea related to scientific/surveying work with no time deployed on monitoring and enforcement activity. No further correspondence has been received from Commission.

The Commission are still considering responses from the Department.

Conclusion

As Accounting Officer, other than the specific control issues referred to above, I am satisfied that the Department, its Agencies and NDPB's comply with best practice guidance on risk management, internal control and governance, and that prompt remedial action has been taken to address issues that have arisen throughout the period under review.



Mr Noel Lavery
Accounting Officer
Department of Agriculture & Rural Development
25 June 2013

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

The Certificate of the Comptroller and Auditor General to the Northern Ireland Assembly

I certify that I have audited the financial statements of the Department of Agriculture and Rural Development for the year ended 31 March 2013 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Consolidated Statement of Comprehensive Net Expenditure, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Taxpayer's Equity and related notes. I have also audited the Statement of Assembly Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to examine, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Financial Reporting Standard's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Department; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Assembly Supply properly presents the outturn against Assembly control totals and that those totals have not been exceeded.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Basis of qualified opinion on regularity

The financial statements include expenditure of £12.01 million in respect of European Commission (EU Commission) Common Agricultural Policy (CAP) disallowances. These disallowances represent a material loss to the Northern Ireland Assembly. I consider that this loss falls outside the Assembly's intentions in relation to the proper administration of European funding and is therefore irregular.

Qualified opinion on regularity arising from EU Commission disallowances of £12.01 million

In my opinion,

- The Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2013 and shows that those totals have not been exceeded; and
- Except for £12.01 million possible disallowances included as a liability in the Department's resource accounts, in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31st March 2013 and of its net operating costs, cash flows, and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions issued thereunder.

Emphasis of Matter – Uncertainty on the CAP Disallowance Liability

I draw attention to Note 22 of the financial statements which indicates the existence of some uncertainty about the final quantum of the CAP Disallowance Liability. An amount of £17.4 million has been included in the financial statements at 31 March 2013 but this may change following final determination by the EU Commission. The ultimate outcome of the matter cannot be accurately determined at present. My opinion on the financial statements is not qualified in this respect.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Finance and Personnel directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Annual Report including the Director's Report, Corporate Governance Report, Public Interest and Other Report, Management Commentary, the unaudited part of the Remuneration Report, Operating Review and Financial Review for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Details of the qualification of my audit opinion and other matters are explained more fully in my Report below.



*KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU*

27 June 2013

Report by the Comptroller and Auditor General

Department of Agriculture and Rural Development Resource Accounts 2012-13

Introduction

1. This report explains;
 - the background to the disallowances on European Union (EU) Funding imposed on the Department,
 - the basis of my qualified audit opinion on the 2012-13 Resource Accounts for the Department of Agriculture and Rural Development (the Department), and
 - the actions the Department is taking to reduce the disallowances determined by the EU Commission (the Commission).
2. As part of my audit of the Department's Resource Accounts, I am required to satisfy myself that, in all material respects, the expenditure and income shown in the Resource Accounts have been applied to the purposes intended by the Assembly and conform to the authorities which govern them; that is, they are 'regular'.
3. My opinion is qualified as the amounts due to be paid to the Commission in respect of disallowances represent a loss of public funds falling outside the Northern Ireland Assembly's (the Assembly) intentions in relation to the proper administration of European funding. My opinion has been qualified on a similar basis for the last two years.

Background to the disallowances imposed on the Department

4. Northern Ireland continues to benefit from support through the European Agricultural Funds. The Northern Ireland farming community benefited from Common Agricultural Policy subsidies by the EU to the value of £285 million in 2012-13 (£315 million 2011-12).
5. As a consequence of audits carried out by the EU Commission and the EU Court of Auditors the Commission proposed disallowances for Single Farm Payment (SFP) scheme years 2004 to 2008 which gave rise to a liability of approximately €72 million (£61.21¹ million) due to be paid to the Commission.

¹ Translated at 31 March 2013 currency rates

6. In 2010, the Department agreed with the Commission that it would carry out a risk assessment to calculate the potential disallowances for 2009 SFP scheme year. The Department submitted its calculations of the risk to the fund to the Commission. In February 2012 the Commission agreed the Departments risk assessment and estimate of the potential disallowances for the 2009 scheme year which resulted in a liability of €15.73 million (£13.3 million). The Department has completed similar risk assessments for the 2010 and 2011 scheme years and has included a further £17.4 million as the potential liability for these scheme years. Note 22 to the financial statements indicates the uncertainties in respect of the estimated liabilities included for the 2010 and 2011 scheme years. I strongly encourage the Department to continue to progress the agreement of any potential disallowance amounts relating to previous scheme years.

Basis of my qualified audit opinion for the year 2012-13

7. My audit opinion for 2012-13 is qualified in respect of two potential disallowances (i) Single Farm Payment £8.65 million and (ii) Cross Compliance Costs of £3.36 million; totalling £12.01 million. The Department has included these amounts due to be paid to the EU Commission within the 2012-13 Departmental Resource Accounts.
 - (i) *Single Farm Payment disallowances*
8. The Department has included an amount of £8.65 million as an estimate of the potential liability in respect of Single Farm Payment disallowances for Scheme Year 2011. This amount represents 3% of the total amount of Single Farm Payments made in 2011.
9. For Scheme Year 2012 the impact of the Departments actions to reduce disallowances has yet to be fully assessed by the EU Commission. Therefore it would be premature to include any amounts due in the Resource Accounts. However the Department has disclosed a contingent liability and a range of possible disallowances at Note 26 to the accounts. If there is a material amount due to be paid to the Commission in future years this may lead to further qualifications of those years accounts.
 - (ii) *Cross Compliance disallowances*
10. The Department has included an amount due to the Commission of £3.36 million in respect of EU disallowances as a liability in these accounts. This is in relation to the Commission's recently proposed disallowance of €3.986m for cross-compliance issues identified during a 2009 audit.

Departments Action to reduce disallowances

11. I asked the Department to explain the key steps it is taking to minimise the possibility of future disallowances. The Department told me it has pursued a broad range of measures to address the issues raised by the Commission. These include;
- Working in partnership with Land and Property Services (LPS), an agency of DFP, to revise all farm maps. This involves the systematic review and, where necessary, the correction of 742,000 fields currently used to claim Single Farm Payment and other area aids schemes. In support of the 2012 Single Application period, the Department issued revised maps and field information tables, which showed a Visible Eligible Area for each field mapped, to all farm businesses.
 - Investing in a new Corporate Geographical Information System that will underpin the maps and ensure that the Department has a better platform on which to build future maps.
 - Continuing to improve inspection controls through enhanced training and guidance to inspectors and further refinement of the electronic systems to provide a more consistent and repeatable control. In addition, quality assurance measures have been integrated into inspection activities to maintain and improve the accuracy and quality of the process.
 - Introducing Remote Sensing technology as a means to complete on-the-spot checks. This approach, which uses satellite imagery to check claimed areas, will also help ensure increased consistency and standardisation of the on-the-spot checks.
 - Participating in a voluntary Legality and Regularity audit in line with Commission guidelines
12. The Department has set out full details of its programme of measures in the annual report.

Summary and Conclusions

13. I have qualified my audit opinion on the Department's 2012-13 Resource Accounts on the grounds of regularity. During the 2012-13 financial year, the Department included a further £12.01 million as amounts due to be paid to the EU in respect of disallowances. This amount due has been included in the Department's Resource Accounts to make good the shortfall in EU Funding and, therefore, represents a loss to public funds which falls outside the Assembly's intentions in relation to the proper administration of EU funding. I have therefore concluded that expenditure has not been applied for the purposes intended by the Assembly and is not in conformity with the authorities which govern it.



K J Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU
27 June 2013

Table 1 - Summary of EU Common Agricultural Policy Disallowances

	£ Million		£ Million	
Single Farm Payment Disallowances				
Scheme Years 2004-2007	33.0			
Scheme Years 2007-2008	30.8			
Scheme Year 2009	18.4			
Scheme Year 2010	11.1			
Scheme Year 2011	8.7	(3)	102.0	(1)
Ovine / Bovine premia scheme 2003/2004			1.0	
Rural Development Programme			1.0	
Cross Compliance 2007-2009 scheme years			3.4	(3) (4)
Disallowance Accrued			107.4	
Estimate adjustments			(7.3)	(2) (3)
Revised disallowance accrual			100.1	
Payments made			(63.9)	
Disallowance amounts outstanding for payment at 31/03/13			36.2	

- (1) The largest part of the disallowances above relate to the Single Farm Payment scheme and to the scheme years indicated in the Table. However due to the timing of notifications from the EU Commission each of the amounts above includes a smaller part from other scheme years and from other EU funding schemes.
- (2) The amounts due to the EU Commission for each scheme year are often updated. This is due to changes in the exchange rates and updated notifications from the EU Commission based on the progress of its reviews on each scheme year. This includes £0.3m reduction in respect of adjustments notified during the 2012-13 year.
- (3) The cost included by the Department in its 2012-13 accounts is £8.7m SFP and £3.4m Cross Compliance less £0.3m adjustments, equating to £11.8m in total.
- (4) Cross compliance correction of £3.4m was made in 2012-13 in respect of the 2007, 2008 and 2009 scheme years.

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Statement of Assembly Supply

Summary of Resource Outturn 2012-13

								2012-13	2011-12
Request for Resources	Note	Estimate			Outturn			Net total outturn compared with Estimate: saving/ (excess)	Outturn Net total
		Gross expenditure	Accruing Resources	Net total	Gross expenditure	Accruing Resources	Net total		
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Request for Resources A	2	576,897	(328,808)	248,089	550,214	(320,160)	230,054	18,035	235,560
Total resources	3	576,897	(328,808)	248,089	550,214	(320,160)	230,054	18,035	235,560
Non-operating cost Accruing Resources		-	-	977	-	-	977	-	662

Net Cash Requirement 2012-13

					2012-13	2011-12
	Note	Estimate	Outturn	Net total outturn compared with Estimate: saving/ (excess)	Outturn	
		£'000	£'000	£'000	£'000	
Net cash requirement	4	278,461	239,584	38,877	234,580	

Annual Report and Accounts for the year ended 31 March 2013

Summary of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

	Note	Forecast 2012-13		Outturn 2012-13	
		Income £'000	Receipts £'000	Income £'000	Receipts £'000
Total	5	300	<i>300</i>	44	<i>39</i>

Explanations of variances between Estimate and outturn are given in note 2 and the financial review.

The notes on pages 93 to 144 form part of these accounts.

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Consolidated Statement of Comprehensive Net Expenditure for the year ended 31 March 2013

2012-13								2011-12	
Core Department					Consolidated			Core Department	Consolidated
		Staff costs	Other costs	Income	Staff costs	Other costs	Income		
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Administration costs:									
Staff costs	9	30,804	-	-	30,804	-	-	29,541	29,541
Other administration costs	10	-	21,582	-	-	23,898	-	22,305	24,108
Operating income	12	-	-	(1,095)	-	-	(1,095)	(680)	(680)
Sub-Total		30,804	21,582	(1,095)	30,804	23,898	(1,095)	51,166	52,969
Programme costs:									
Staff costs	9	54,293	-	-	72,350	-	-	50,919	68,958
Programme costs	11	-	418,642	-	-	424,609	-	453,618	463,261
Income from EU	12	-	-	(284,597)	-	-	(285,302)	(314,185)	(314,763)
Non-EU Income	12	-	-	(24,130)	-	-	(33,807)	(24,052)	(34,114)
Sub-Total		54,293	418,642	(308,727)	72,350	424,609	(319,109)	166,300	183,342
Totals		85,097	440,224	(309,822)	103,154	448,507	(320,204)	217,466	236,311
Net Operating Cost for the year ended 31 March 2013	3			215,499			231,457	217,466	236,311

All income and expenditure are derived from continuing operations.

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Other Comprehensive Net Expenditure

	2012-13		2011-12		
		Core Department	Consolidated	Core Department	Consolidated
	Note	£'000	£'000	£'000	£'000
Net (gain)/loss on revaluation of property, plant and equipment		3,143	(31,405)	(5,565)	(34,499)
Net (gain)/loss on revaluation of intangible assets		(203)	(224)	(182)	(192)
Net (gain)/loss on revaluation of available for sale financial assets	15.2	-	-	-	-
Other Comprehensive Net Expenditure		2,940	(31,629)	(5,747)	(34,691)
Net operating cost for the year ended 31 March 2013	3	215,499	231,457	217,466	236,311
Total Comprehensive Net Expenditure for the year ended 31 March 2013		218,439	199,828	211,719	201,620

The notes on pages 93 to 144 form part of these accounts.

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Consolidated Statement of Financial Position

	31 March 2013			31 March 2012	
		Core Department	Consolidated	Core Department	Consolidated
	Note	£'000	£'000	£'000	£'000
Non-current assets:					
Property, plant and equipment	13.1	145,873	852,149	151,454	824,044
Biological Assets	13.3	-	145,925	-	134,299
Heritage Assets	13.4	-	1,167	-	1,167
Intangible assets	14	3,831	4,349	3,805	4,373
Financial assets	15.2	24	24	24	24
Trade and other receivables	19	-	-	3	3
Total non-current assets		149,728	1,003,614	155,286	963,910
Current assets:					
Assets classified as held for sale	13.2	-	811	270	1,020
Inventories	18	1,412	2,069	1,471	2,086
Trade and other receivables	19	52,839	54,723	62,916	64,647
Cash and cash equivalents	20	283	289	678	684
Total current assets		54,534	57,892	65,335	68,437
Total assets		204,262	1,061,506	220,621	1,032,347
Current liabilities					
Trade and other payables	22	(80,956)	(84,654)	(122,302)	(125,926)
Provisions	23	(3,643)	(3,760)	(7,684)	(7,745)
Total current liabilities		(84,599)	(88,414)	(129,986)	(133,671)

The notes on pages 93 to 144 form part of these accounts.

Annual Report and Accounts for the year ended 31 March 2013

	31 March 2013			31 March 2012	
		Core Department	Consolidated	Core Department	Consolidated
	Note	£'000	£'000	£'000	£'000
Non-current assets less net current liabilities		119,663	973,092	90,635	898,676
Non-current liabilities					
Other Payables	22	(22,526)	(22,526)	(1,021)	(1,021)
Provisions	23	(413)	(413)	(972)	(1,482)
Total non-current liabilities		(22,939)	(22,939)	(1,993)	(2,503)
Total Assets less liabilities		96,724	950,153	88,642	896,173
Taxpayers' equity & other reserves:					
General Fund		53,189	516,246	40,083	491,322
Revaluation reserve		43,535	433,907	48,559	404,851
Total equity		96,724	950,153	88,642	896,173

Signed:



Accounting Officer

Date 25 June 2013

The notes on pages 93 to 144 form part of these accounts.

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Consolidated Statement of Cash Flows for the year ended 31 March 2013

		2012-13	2011-12
	Note	£'000	£'000
Cash flows from operating activities			
Net operating cost	3	(231,457)	(236,311)
Adjustments for non-cash transactions	10a	15,735	27,003
(Increase)/Decrease in trade and other receivables	19	9,924	1,969
<i>less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		3,368	(6,146)
(Increase)/Decrease in inventories	18	17	(110)
Increase/(decrease) in trade payables excluding bank overdraft	22	(23,442)	(38,464)
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		71	24,079
Use of provisions	23	(1,187)	(649)
Net cash outflow from operating activities		(226,971)	(228,629)
Cash flows from investing activities			
Purchase of property, plant and equipment	13.1	(10,927)	(8,722)
Purchase of intangible assets	14	(1,596)	(716)
Adjustment for capital creditors and accruals		(115)	(574)
Proceeds of disposal of property, plant and equipment		57	671
Proceeds of disposal of intangibles		-	-
Net cash outflow from investing activities		(12,581)	(9,341)
Cash flows from financing activities			
From the Consolidated Fund (supply) – current year		234,092	233,190
From the Consolidated Fund (supply) – prior year		1,390	7,448
Excess Vote Received – prior year		-	23,279
From the Consolidated Fund (Non-Supply)	21	-	-
Repayments to the Contingencies Fund		-	(19,303)
Net financing		235,482	244,614
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		(4,070)	6,644
Payments of amounts due to the Consolidated Fund		-	(4,542)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	20	(4,070)	2,102
Cash and cash equivalents at the beginning of the period	20	59	(2,043)
Cash and cash equivalents at the end of the period	20	(4,011)	59

The notes on pages 93 to 144 form part of these accounts.

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Consolidated Statement of Changes in Taxpayers' Equity for the year ended 31 March 2013

		General Fund	Revaluation Reserve	Total reserves
	Note	£'000	£'000	£'000
Balance at 31 March 2011		451,951	373,040	824,991
Net Assembly funding – drawn down		233,190	-	233,190
Excess Vote received		23,279	-	23,279
Supply receivable adjustment	19	1,390	-	1,390
CFERs payable to the Consolidated Fund	5	(584)	-	(584)
Comprehensive net expenditure for the year	3.1	(236,311)	34,691	(201,620)
Non-Cash Adjustments				
Non-cash charges – accommodation and other charges	10,11	15,425	-	15,425
Non-cash charges – auditor's remuneration	10	102	-	102
Movements in reserves				
Transfers between reserves		2,880	(2,880)	-
Balance at 31 March 2012		491,322	404,851	896,173
Net Assembly funding – drawn down		234,092	-	234,092
Excess Vote received		-	-	-
Supply receivable adjustment	19	4,635	-	4,635
CFERs payable to the Consolidated Fund	5	(44)	-	(44)
Comprehensive net expenditure for the year	3.1	(231,457)	31,629	(199,828)
Asset transfer from other department		12	-	12
Non-Cash Adjustments				
Non-cash charges – accommodation and other charges	9,10	15,001	-	15,001
Non-cash charges – auditor's remuneration	10	112	-	112
Movements in Reserves				
Transfers between reserves		2,573	(2,573)	-
Balance at 31 March 2013		516,246	433,907	950,153

The notes on pages 93 to 144 form part of these accounts.

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Core Statement of Changes in Taxpayers' Equity for the year ended 31 March 2013

		General Fund	Revaluation Reserve	Total reserves
	Note	£'000	£'000	£'000
Balance at 31 March 2011		6,394	45,264	51,658
Net Assembly funding – drawn down		210,888	-	210,888
Excess Vote received – prior year		23,279	-	23,279
Supply receivable adjustment	19	1,390	-	1,390
CFERs payable to the Consolidated Fund		(577)	-	(577)
Comprehensive net expenditure for the year		(217,466)	5,747	(211,719)
Non-Cash Adjustments				
Non-cash charges – accommodation and other charges	9,10	13,638	-	13,638
Non-cash charges – auditor's remuneration	10	85	-	85
Movements in Reserves				
Transfers between reserves		2,452	(2,452)	-
Balance at 31 March 2012		40,083	48,559	88,642
Net Assembly funding – drawn down		209,132	-	209,132
Excess Vote Received - prior year		-	-	-
Supply receivable adjustment	19	4,635	-	4,635
CFERs payable to the Consolidated Fund		(44)	-	(44)
Comprehensive net expenditure for the year		(215,499)	(2,940)	(218,439)
Non-Cash Adjustments				
Non-cash charges – accommodation and other charges	9,10	12,713	-	12,713
Non-cash charges – auditor's remuneration	10	85	-	85
Movements in Reserves				
Transfers between reserves		2,084	(2,084)	-
Balance at 31 March 2013		53,189	43,535	96,724

The notes on pages 93 to 144 form part of these accounts.

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

ANNUAL REPORT AND ACCOUNTS 2012-13

Notes to the Departmental Resource Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2012-13 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance and Personnel. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department of Agriculture and Rural Development for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the Department are described below. They have been applied consistently in dealing with items considered material to the accounts.

In addition to the primary statements prepared under IFRS, the *FReM* also requires the Department to prepare one additional primary statement. *The Statement of Assembly Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and liabilities.

1.2 Basis of consolidation

These accounts comprise a consolidation of the non-agency parts of the Department (the core department) and those entities which fall within the Departmental boundary as defined in the *FReM*, interpreted for Northern Ireland. Transactions between entities included in the consolidation are eliminated. A list of all those entities within the Departmental boundary is given at note 30.

1.3 Property, plant and equipment

Capitalisation

Expenditure on property, plant and equipment of over £5,000 is capitalised. Within the Department the grouping of computer equipment, in respect of items falling below this threshold, has also been undertaken.

On initial recognition property, plant and equipment and intangible assets are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition. Items classified as “under construction” are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

Subsequent expenditure on an asset, that meets the criteria in compliance with IAS 16, is capitalised, otherwise it is written off to revenue.

Valuation

Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations of land and buildings are undertaken every five years. Land and buildings are revalued annually, between professional valuations, using indices provided by the Land and Property Services (LPS). From 1 April 2012 the Department’s buildings have been revalued using the BCIS index provided by LPS. In prior years the index used to revalue buildings was OPI as provided by the Office for National Statistics. Properties surplus to requirements are valued on the basis of open market value less any material, directly attributable, selling costs.

The Department’s Heritage Assets comprise the Peace Maze at Castlewellan Forest Park and Glenariff Walkway. These are shown separately on the face of the Statement of Financial Position and also in Note 13.4. Heritage assets are valued at historical cost.

Assets under Construction are carried at cost.

The value of trees grown for commercial purposes is included in non-current assets on a fair value basis less estimated selling costs. The fair value is determined by applying the present value of expected net cash flows from the asset (future revenues based on the sale of mature timber), discounted at a current market determined pre-tax rate to calculate the fair value of the timber asset at any point in time. Revaluations are directly charged to the Statement of Comprehensive Net Expenditure.

With the exception of the above and items under construction, fair value is estimated by restating the value annually by reference to indices compiled by the Office of National Statistics (ONS).

Depreciation

Land at Baronscourt is being handed back to its owner in stages up to the year 2024. Depreciation is being charged over that period. There is no depreciation charge on the Department's own land.

Heritage Assets will be maintained in perpetuity and consequently have not been depreciated.

Assets under Construction are not depreciated until they are commissioned.

For all other categories of property, plant and equipment, depreciation is charged on a straight line basis, to write off the cost or valuation, less estimated residual value, where relevant, of each asset over its estimated useful life. The useful lives, which are reviewed regularly, are:

- Land and Buildings 10-50 years
- Culvert Networked Assets 120 years
- Plant, Machinery, Equipment and Computers 3-20 years
- Motor Vehicles 7-15 years

1.4 Valuation and Depreciation of Networked Assets

(a) Flood Defences

Expenditure on all flood defence assets is capitalised and depreciated over the useful economical life of the asset. For most assets this will be a period of 50 years. Flood defence assets (both sea and river) have been defined as the product of capital expenditure on the creation, provision, purchase, replacement or improvement of discrete physical watercourse based structures, which enable the Rivers Agency to achieve its strategic aim of providing flood protection. In the financial year to 31st March 2013 a revaluation of the flood defence assets was carried out. This gave a new valuation for the flood defence assets at 31 March 2013. The modern day replacement value (MDRV) of the flood defence assets is calculated from an In-House developed model using the CESMM3 carbon and price book 2011 to more accurately reflect "Modern Day" construction and procurement practices. The rates derived within the cost models are applied to the network statistics, which are contained within the Rivers Agencies Networking Asset Inventory Database. Each year the rates within the model will be updated to take account of the latest edition of CESMM carbon and price book and any additions and condition surveys that take place.

(b) **Culverts**

Rivers Agency manages a culvert network of 384 kilometres, in which there are over 7,000 culvert reaches, i.e. lengths of culverts between manholes. The depths at which culverts are laid vary between 1 metre and 12 metres.

In the financial year to 31st March 2013 a revaluation of the culvert network was carried out. This gave a new valuation for the culvert network at 31 March 2013. The modern day replacement value (MDRV) of the culvert network is calculated from an In-House developed model using the CESMM3 carbon and price book 2011 to more accurately reflect “Modern Day” construction and procurement practices. The rates derived within the cost models are applied to the network statistics, which are contained within the Rivers Agency Networking Asset Inventory Database. Each year the rates within the model will be updated to take account of the latest edition of CESMM carbon and price book and any additions and condition surveys that take place.

(c) **Soft Defences**

Soft Defences mainly consist of levees and soft earth banks of varying heights. Those on designated watercourses are maintained to their existing standard, and do not contain a hard core as in the case of urban Flood Defences. Rivers Agency has decided that it will not attempt to value these defences because:

- For most part they provide protection to agricultural land to a lesser degree than that afforded to the urban environment;
- They are subjected to a six-year rolling programme of scheduled inspection, and are maintained on the basis of need, rather than by reference to a detailed maintenance plan. Any expenditure incurred is merely reactive in nature.

The accounting policy adopted by Rivers Agency in respect of Soft Defences is to expense all expenditure to the Statement of Comprehensive Net Expenditure each year.

(d) **Capitalisation of engineer's time**

The Rivers Agency has included engineer salary costs in Flood Defence and Culvert Network Valuations.

1.5 Intangible assets

Purchased computer software and associated licences are capitalised as intangible assets where expenditure of £5,000 or more is incurred. In addition similar licences falling below this threshold, which when grouped exceed the threshold, are also capitalised. The value of the capitalised licences is restated at current value at the balance sheet date in accordance with the movement in the RPI. The licences are amortised over their expected useful life, which can be from 1 to 15 years depending on the licence.

Other intangibles relate to Forest Service land rights (shooting and turbarry rights). The forest land rights, being land based, are as a consequence revalued every 5 years by the LPS.

1.6 Financial Assets

Financial interests, in bodies that are outside the departmental boundary, are treated as fixed asset investments as they are held for the long term. These comprise non-tradable shares, at historic cost, in United Dairy Farmers Limited, a dairy farmer cooperative registered in Northern Ireland.

1.7 Current Assets Held for Sale

The Department classifies a non-current asset as held for sale where its value is expected to be realised principally through a sale transaction rather than through continuing use. In order to meet this definition IFRS 5 requires that the asset must be immediately available for sale in its current condition and that its sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset through appropriate marketing at a reasonable price and the sale is considered likely to be concluded within one year. Current assets held for sale are valued on the basis of open market value less any material directly attributable selling costs.

1.8 Inventories

Livestock are valued at market value. Other inventories are valued at the lower of cost and net realisable value.

1.9 Operating Income

Operating income is income that relates directly to operating activities of the Department. It comprises fees and charges, to be recovered for services provided to external customers, sale of timber, and public repayment work. It also includes accruing resources in aid of the Estimate and income payable to the Consolidated Fund, which in accordance with *FReM*, is treated as operating income. It excludes accruing resources

and Consolidated Fund Extra Receipts treated as capital. Income under the Common Agricultural Policy, from the European Union programme for Peace and Reconciliation, and other EU initiatives is also treated as operating income.

1.10 Foreign Exchange

Transactions, which are denominated in a foreign currency, are translated into sterling at the exchange rate ruling on the date of each transaction. Balances at year end are restated using the exchange rate on 31 March and any exchange gain or loss is treated as income or expenditure.

1.11 Grants

The Department recognises grant expenditure in the period in which the recipient carries out the activity that creates an entitlement to the grant support, in so far as it is practicable to do so. EU income due to the Department is accrued in line with the relevant expenditure.

1.12 Provisions

The Department provides for legal or constructive obligations, which are of uncertain timing, or amount at the Statement of Financial Position date, on the basis of the best estimate of the expenditure required to settle the obligation.

Legal claims and other provisions are provided for at the full assessed amount in each case.

The Department is required to meet the cost of paying the pensions of employees who retire early from the date of their retirement until they reach normal pensionable age. The Department provides in full for the cost of meeting these payments in respect of early retirement programmes at the time that a liability is created.

1.13 Value Added Tax (VAT)

VAT is recovered on an accruals basis. The Statement of Comprehensive Net Expenditure is stated net of VAT. Where trade receivables and trade payables are stated gross of VAT, the VAT account balance is adjusted accordingly.

No taxation is chargeable on the financial results of entities within the departmental boundary.

1.14 Third-party Assets

The Department holds a number of bank accounts on behalf of third parties. These third parties include student trust funds, college club and society accounts, other trust funds and statutory accounts. The closing balances in these accounts as at 31 March have been disclosed at Note 29. In addition, a number of these trusts hold Treasury Stock and shares in the Northern Ireland Central Investment Fund for Charities. The numbers and market value of these shares are also shown at Note 29.

1.15 Administration and programme expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out in the Consolidated Budgeting Guidance issued by HM Treasury and adopted by Department of Finance and Personnel for Northern Ireland. Income is analysed in the notes between that which, under the regime, is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Department, as well as certain staff costs where they relate directly to service delivery.

1.16 Employee Benefits including pensions

Under the requirements of “IAS 19: *Employee Benefits*”, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. Expenditure is based on a specific report run from the Personnel system which calculates the year end balance using leave balances on the system.

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS[NI]). The defined benefit scheme is a multi-employer unfunded scheme, which produces its own resource accounts, but the Department of Agriculture and Rural Development is unable to identify its share of the underlying assets and liabilities. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees’ services by payment to the PCSPS[NI] of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS[NI]. The defined benefit scheme is non-contributory except in respect of dependents’ benefits. In respect of the defined contribution schemes, the Department recognises the contributions payable for the year. See Note 9.

Further details of the civil service pension arrangements can be found at the website www.civilservicepensions-ni.gov.uk.

1.17 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Department discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of *Managing Public Money Northern Ireland*.

These comprise:

- items over £250,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to the Assembly by departmental Minute prior to the Department entering into the arrangement; and
- all items (whether or not they arise in the normal course of business) over £250,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the FReM to be noted in the resource accounts.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly. (See note 26 to the accounts).

1.18 Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial instrument is recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument. A previously recognised financial asset is de-recognised when, and only when, either the contractual rights to the cash flows from that asset expire, or the entity transfers the asset such that the transfer qualified for de-recognition. A financial liability is de-recognised when, and only when, it is extinguished.

The Department has financial instruments in the form of trade receivables and payables and cash and cash equivalents.

In accordance with “IAS 39 *Financial Instruments: Recognition and Measurement*” trade receivables, cash and other receivables are classified as ‘loans and receivables’. Loans and receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.

The Department assesses at each Statement of Financial Position date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired. Based on historic experience receivables that are past due beyond 361 days are generally not recoverable.

The Department measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

Impairment losses are recognised in the Statement of Comprehensive Net Expenditure and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

When a financial asset is deemed unrecoverable the amount of the asset is reduced directly and the impairment loss is recognised in the Statement of Comprehensive Net Expenditure to the extent that a provision was not previously recognised.

Financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

1.19 Related Party Transactions

The Department has had a number of transactions with other government departments and other central government bodies. Most of these transactions have been with Northern Ireland departments and their executive agencies.

In terms of related party interests of the Department's officials, in the interests of transparency the Department considers it necessary that its top managerial officials and members of the Departmental Board declare all of the following:

- Any interests in DARD other than through the normal relationship of employee/ employer, for example receipt of grants/subsidies for family farms;

- Any interest in any body with which DARD has dealings including membership of Boards of those bodies even when such membership is part of the officer's job;
- Any such interest held by a close family member.

1.20 Functional Currency and Rounding

The functional currency is Sterling and, except where otherwise stated, figures have been rounded to the nearest thousand pounds.

1.21 Critical Accounting Estimates and Key Adjustments

As a result of the uncertainties inherent in all business activities, many items in financial statements cannot be measured with precision but can only be estimated. Where estimates have been required in order to prepare these financial statements in conformity with *FReM*, management have used judgements based on the latest available, reliable information. Management continually review estimates to take account of any changes in the circumstances on which the estimate was based or as a result of new information or more experience.

1.22 Accounting Standards

Management has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts.

The IASB have issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards have an effective date of January 2013, and EU adoption is due from 1 January 2014. The application of these IFRS changes is subject to further review by Treasury and the other Relevant Authorities before due process consultation.

Accounting boundary IFRS' are currently adapted in the *FReM* so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A review of the NI financial process is currently under discussion with the Executive, which will bring NI departments under the same adaptation. Should this go ahead, the impact on departments is expected to focus around the disclosure requirements under IFRS 12. The impact on the consolidation boundary of NDPB's and trading funds will be subject to review, in particular, where control could be determined to exist due to exposure to variable returns (IFRS 10), and where joint arrangements need reassessing.

Management consider that there are no items likely to have a significant impact on the accounts in the period of initial application.

Annual Report and Accounts for the year ended 31 March 2013

2. Analysis of net resource outturn by function

	2012-13								2011-12
	Admin	Other current	Grants	Gross resource expenditure	Accruing Resources	Net total outturn	Estimate	Net total outturn compared with Estimate adjusted for virements	Prior-year outturn
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Request for Resources A									
Departmental Expenditure in DEL:									
1. Service Delivery Group	21,890	74,539	11,422	107,851	(4,815)	103,036	102,599	437	93,579
2. Veterinary Service	4,402	57,628	-	62,030	(13,073)	48,957	48,301	656	40,491
3. Central Policy Group	9,869	6,175	2,938	18,982	(8,801)	10,181	10,907	(726)	10,016
4. Rivers Agency	2,097	16,406	-	18,503	(362)	18,141	18,653	(512)	16,495
5. Forest Service Agency	1,330	12,985	285	14,600	(9,315)	5,285	5,508	(223)	5,342
6. Common Agricultural Policy	-	250,881	32,003	282,884	(282,884)	-	-	-	7,622
7. EU Community Initiatives	-	-	1,214	1,214	(910)	304	319	(15)	85
Annually Managed Expenditure									
8. Flood Protection	-	8,793	-	8,793	-	8,793	8,518	275	8,000
9. Forest service timber	-	(11,688)	-	(11,688)	-	(11,688)	(4,988)	(6,700)	(9,934)
10. Provisions	-	(3,867)	-	(3,867)	-	(3,867)	3,032	(6,899)	5,776

Annual Report and Accounts for the year ended 31 March 2013

	2012-13								2011-12
	Admin	Other current	Grants	Gross resource expenditure	Accruing Resources	Net total outturn	Estimate	Net total outturn compared with Estimate adjusted for virements	Prior-year outturn
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
11. Revaluations Due to Changes in Market Values	-	(976)	-	(976)	-	(976)	1,800	(2,776)	588
12. Central Policy Group Fisheries	-	89	-	89	-	89	86	3	104
13. Settlement of NICS Equal Pay Claims	-	-	-	-	-	-	-	-	(504)
Non-Budget:									
14. Agri-Food and Biosciences Institute	-	-	34,309	34,309	-	34,309	34,309	-	40,062
15. The Loughs Agency of the Foyle, Carlingford and Irish Lights Commission	-	-	2,376	2,376	-	2,376	2,376	-	2,311
16. Notional Charges	15,114	-	-	15,114	-	15,114	16,669	(1,555)	15,527
Total	54,702	410,965	84,547	550,214	(320,160)	230,054	248,089	(18,035)	235,560

Explanation of variance between Estimate and outturn

The main reasons for the underspend of £18.0m are as follows:

- i. The Forest Service timber underspend of £6.7m is as a result of a revaluation of Forest Service timber in line with IAS 41. Growing timber is valued on a fair value basis by applying the present value of future revenues based on the sale of mature timber and deducting the costs to sell. A key requirement of IAS 41 is that all in year movements in the Timber valuation must be charged directly to the Operating Cost Statement. The potential for large movements in the Timber value is high given the number of variables outside of the control of Forest Service such as the volatility of Timber sales prices due to world timber market conditions. Sales prices increased by 11% in 2012-13. In addition, the maturing estate results in a natural upward valuation. The combination of these factors has caused an upward valuation in the timber asset of £11.6m.
- ii. Provisions were made in the estimates for CAP disallowance for the Single Farm Payment. The actual position was to accrue these costs and reverse previous provisions. This reversal created a negative £3.9m which coupled with a positive £3.0m estimate resulted in a total variance of £6.9m negative.
- iii. Forest Service land is revalued annually in line with IAS 16. The estimate included a revaluation downwards of £1.8m but the actual revaluation was £1.0m upwards (increase in value) generating a total variance of £2.8m. The valuation is provided by Land and Property Services.
- iv. Notional Charges were less than anticipated resulting in an underspend of £1.6m.

Key to Request for Resources

Request for Resource A

Promoting sustainable development of the agri-food industry and the countryside and stimulating the economic and social revitalisation of rural areas, reducing the risk to life and property from flooding, promoting sustainable development of the sea fishing and aquaculture industries and managing, protecting and expanding forests in a sustainable way.

Annual Report and Accounts for the year ended 31 March 2013

3. Reconciliation of outturn to net operating cost and against administration budget

3.1 Reconciliation of net resource outturn to net operating cost

		2012-13			2011-12
	Note	Outturn £'000	Supply Estimate £'000	Outturn compared with Estimate £'000	Outturn £'000
Net resource outturn (Note a)	2	230,054	248,089	18,035	235,560
Unrealised exchange loss (Note b)		1,447	-	(1,447)	1,051
Non-supply income (CFERs)	5	(44)	(300)	(256)	(300)
Net operating cost (Note a)		231,457	247,789	16,332	236,311

Note a - Net operating cost is the total of expenditure and income appearing in the Statement of Comprehensive Net Expenditure. Net resource outturn is the total of those elements of expenditure and income that are subject to Assembly approval and included in the Department's Supply Estimate.

Note b - This adjustment was required to take account of a change in budgeting rules which classified unrealised exchange losses or gains as 'outside the vote'.

3.2 Outturn against final administration budget

	Budget £'000	2012-13 Outturn £'000	2011-12 Outturn £'000
Gross administration budget	40,322	39,588	38,125
Income allowable against the administration budget	(1,061)	(1,095)	(680)
Net outturn against final administration budget	39,261	38,493	37,445

4. Reconciliation of net resource outturn to net cash requirement

					2012-13	2011-12
	Note	Estimate £'000	Outturn £'000	Net total outturn compared with Estimate: saving/ (excess) £'000	Prior-year outturn £'000	
Resource Outturn	2	248,089	230,054	18,035	235,560	
Capital:						
Acquisition of property, plant and equipment	13, 14	12,406	12,636	(230)	10,012	
Non-operating Accruing Resources						
Proceeds of asset disposals		(977)	(57)	(920)	(671)	
Accruals Adjustments						
Non-cash items	10a	(32,655)	(15,735)	(16,920)	(27,003)	
Changes in working capital other than cash		50,749	33,004	17,745	16,770	
Changes in payables falling due after more than one year	22	-	(21,505)	21,505	(1,021)	
Use of provision	23	849	1,187	(338)	649	
Excess cash receipts surrenderable to the consolidated fund	5	-	-	-	284	
Net cash requirement		278,461	239,584	38,877	234,580	

Explanation of variance between Estimate and net cash requirement

The underspend of £38.9m is primarily due to:

- i. Net Resource under-spend of £18.0m as detailed at Note 2 and in the Financial Review.
- ii. A net movement in working capital variance of £38.9m reflects the increases in non-current liabilities, a decrease in current assets and a decrease in payables. The decrease in payables relates to the payment of £30 million against CAP disallowance.
- iii. Non Cash items variance of £16.9m reflecting estimate cover for the creation of a provision for CAP disallowance which was not required.

Annual Report and Accounts for the year ended 31 March 2013

5. Income Payable to the Consolidated Fund

Analysis of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

	Note	Forecast 2012-13		Outturn 2012-13	
		Income £'000	Receipts £'000	Income £'000	Receipts £'000
Operating income and receipts – excess Accruing Resources		-	-	-	-
Other operating income and receipts not classified as Accruing Resources		300	<i>300</i>	44	<i>39</i>
Operating income payable to the Consolidated Fund		300	<i>300</i>	44	<i>39</i>
Non-operating income and receipts – excess Accruing Resources	7	-	-	-	-
Total income payable to the Consolidated Fund	6	300	<i>300</i>	44	<i>39</i>

6. Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

	Note	2012-13 £'000	2011-12 £'000
Operating income	12	320,204	349,557
Gross income		320,204	349,557
Income authorised to be Accruing Resources	2	320,160	349,257
Operating income payable to the Consolidated Fund	5	44	300

7. Non-operating income – Excess Accruing Resources

	Note	2012-13 £'000	2011-12 £'000
Other		-	-
Proceeds on disposal of property, plant and equipment	5	-	284
Non-operating income – excess Accruing Resources		-	284

8. Statement of Operating Costs by Operating Segment

The Department has used the factors identified in IFRS 8 Operating Segments to identify the reportable segments. The Department's reporting structure is based on clearly defined divisions, as well as two agencies, representing individual business units.

These individual business units engage in separate business activities in line with the Department's aims and objectives incurring expenditure and earning revenue. The performance of these business units is reported to the Departmental Board, chaired by the Accounting Officer, on a monthly basis against clearly defined targets. The accounting system design and reporting structure has been based on this organisational structure to enable discrete financial information to be readily available.

Each division is funded through the Northern Ireland Estimate and Budget process to promote sustainable development of the agri-food industry and the countryside, stimulate the economic and social revitalisation of rural areas, reduce the risks to life and property from flooding, promote sustainable development of the sea fishing and aquaculture industries and manage, protect and expand forests in a sustainable way. Details of the activities of each segment are disclosed below.

The information provided is disclosed at Consolidated level with intra Departmental transactions being eliminated on consolidation. Central administration costs are apportioned across the other operating segments.

A large proportion of the Department's activities are based on the distribution of EU Common Agricultural Policy funding to the local community.

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2012-13							
	Service Delivery Group	Veterinary Service	Central Policy Group	Common Agricultural Policy	Rivers Agency	Forest Service	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Expenditure	119,399	61,626	57,824	282,884	28,395	1,533	551,661
Income	(5,766)	(13,077)	(8,801)	(282,884)	(362)	(9,314)	(320,204)
Net Expenditure per SCNE	113,633	48,549	49,023	-	28,033	(7,781)	231,457
2011-12							
	Service Delivery Group	Veterinary Service	Central Policy Group	Common Agricultural Policy	Rivers Agency	Forest Service	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Expenditure	113,040	57,919	62,789	319,132	26,253	6,735	585,868
Income	(4,771)	(12,829)	(9,188)	(312,688)	(438)	(9,643)	(349,557)
Net Expenditure per SCNE	108,269	45,090	53,601	6,444	25,815	(2,908)	236,311

In accordance with IFRS 8, as total assets, net assets or additional information is not reported separately to the Departmental Board, no disclosure in respect of assets and liabilities has been made.

Description of segments

Service Delivery Group – Expenditure on the College of Agriculture, Food and Rural Enterprise, rural development (including tackling poverty and social isolation), rural payments, EU compliance and countryside management and provision of advice, support and guidance to farmers and the rural community by specialist advisors and frontline office staff. Payments under the European Union Structural Funds Programmes.

Veterinary Service – Provision of veterinary services and veterinary public health services, payments of compensation to farmers for animals culled in disease control programmes, prevention and eradication of animal diseases and protection of animal welfare.

Central Policy Group – Protection of plant health, bee health, enforcement of marketing/ classification standards, primary production hygiene and animal feeding stuffs legislation, support for the equine industry, measures associated with the provision of scientific services (by the Agri-Food and Biosciences Institute in the fields of agriculture, animal health and welfare, food, fisheries, the natural environment, rural development, enterprise and by other scientific bodies) and research grants to rural businesses. Delivery of food strategy and policy support to the agri-food industry, collection, collation and dissemination of agricultural and related statistics, protection of sea fisheries and aquaculture, support for the operation of the Loughs Agency of the Foyle, Carlingford and Irish Lights Commission, the Livestock and Meat Commission and the Northern Ireland Fishery Harbour Authority. Payments under the European Fisheries Fund.

Common Agricultural Policy – Implementation of and payments in relation to the Common Agricultural Policy, the European Agricultural Fund for Rural Development and the European Regional Development Fund.

Rivers Agency – Maintenance of designated watercourses and sea defences, construction and maintenance of drainage and flood defence structures, protection of the drainage function of all watercourses, implementation of the European Union Floods Directive, management of the Lough Erne estate and water levels of Lough Erne, Lough Neagh and stretches of the river Bann and river Lagan and flood emergency response.

Forest Service – Protection and conservation of forests, extension of woodland area, promotion of recreational use of forest areas and exploitation of forests for wood and non-wood products.

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8.1 Reconciliation between Operating Segments and SCNE

There is no reconciliation between operating segments and the Statement of Comprehensive Net Expenditure (SCNE) as there are no reconciling items. Refer to Note 8 for reconciliation to SCNE.

9. Staff numbers and related costs

(a) Staff costs comprise:

					2012-13	2011-12
	Permanently employed staff £'000	Others £'000	Ministers £'000	Specialist Advisor £'000	Total £'000	Total £'000
Wages and salaries	81,215	577	38	64	81,894	77,679
Social security costs	6,089	1	5	7	6,102	5,977
Other pension costs	15,133	1	9	15	15,158	14,843
Sub total	102,437	579	52	86	103,154	98,499
Less recoveries in respect of outward secondments	(73)	-	-	-	(73)	(42)
Total net costs*	102,364	579	52	86	103,081	98,457

Of which:

	Charged to Administration £'000	Charged to Programme £'000	Total £'000
Core Department	30,804	54,293	85,097
Agencies	-	18,057	18,057
Total net costs	30,804	72,350	103,154

*Of the total, £974,936 has been charged to capital.

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Core Department

	2012-13			2011-12	
	Wages & Salaries £'000	Social Security £'000	Other Pension Costs £'000	Total £'000	Total £'000
Administration (excl. Minister)	24,224	1,817	4,711	30,752	29,490
Notional Minister's Salary	38	5	9	52	51
Sub total	24,262	1,822	4,720	30,804	29,541
Programme	43,090	3,264	7,939	54,293	50,919
Totals	67,352	5,086	12,659	85,097	80,460

Consolidated

	2012-13			2011-12	
	Wages & Salaries £'000	Social Security £'000	Other Pension Costs £'000	Total £'000	Total £'000
Administration (excl. Minister)	24,224	1,817	4,711	30,752	29,490
Notional Minister's Salary	38	5	9	52	51
Sub total	24,262	1,822	4,720	30,804	29,541
Programme	58,402	4,339	10,584	73,325	70,161
Sub total	82,664	6,161	15,304	104,129	99,702
Rivers Agency Capitalisation	(770)	(59)	(146)	(975)	(1,203)
Totals	81,894	6,102	15,158	103,154	98,499

The Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) is an unfunded multi-employer defined benefit scheme, but the Department of Agriculture and Rural Development is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2010 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2012-13, employers' contributions of £15,257,973.07 were payable to the PCSPS(NI) (2011-12: £14,799,175.74) at one of four rates in the range of 18% to 25% of pensionable pay, based on salary bands. The scheme's Actuary reviews employers' contributions every four years following a full scheme valuation. However HM Treasury has instructed the scheme to cease further work on the March 2010 valuation. A new valuation scheme

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based on data at 31 March 2012 is currently being undertaken by the Actuary to review employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2013-14, the rates will remain in the range 18% to 25%. The contribution rates are set to meet the cost of the benefits accruing during 2012-13 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £41,317.94 (2011-12: £34,990.23) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £2,440.97, 0.8% (2011-12: £1,993.00, 0.8%) of pensionable pay, were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the reporting period date were £nil (2011-12: £nil). Contributions prepaid at that date were £nil (2011-12: £nil).

4 individuals (2011-12:14) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £11,024 (2011-12: £28,649).

(b) Average number of persons employed

The average number of whole-time equivalent persons employed during the year is shown in the table below. These figures include those working in the Department as well as in agencies and other bodies within the consolidated departmental resource account.

	2012-13					2011-12
Departmental Strategic Objective	Permanent staff	Others	Ministers	Special advisers	Total Number	Total Number
RFR A	2,830	25	1	1	2,857	2,819
Staff engaged on capital projects	30	-	-	-	30	30
Total	2,860	25	1	1	2,887	2,849
Of which: Core Department	2,249	22	1	1	2,273	2,227

9.1 Reporting of Civil Service and other compensation schemes – exit packages

2012-13						
Core Department				Consolidated		
Exit package Cost Band	Number of Compulsory Redundancies	Number of other Departures Agreed	Total Number of exit Packages by Cost Band	Number of Compulsory Redundancies	Number of other Departures Agreed	Total Number of Exit Packages by Cost Band
<£10,000	1	1	2	1	1	2
£10,000 - £25,000	-	2	2	-	2	2
£25,000-£50,000	1	4	5	2	4	6
£50,000-£100,000	-	-	-	-	-	-
£100,000- £150,000	-	-	-	-	-	-
£150,000-£200,000	-	-	-	-	-	-
Total Number	2	7	9	3	7	10
Total Resource Cost £	35,203	196,120	231,323	67,005	196,120	263,125

2011-12						
Core Department				Consolidated		
Exit package Cost Band	Number of Compulsory Redundancies	Number of other Departures Agreed	Total Number of exit Packages by Cost Band	Number of Compulsory Redundancies	Number of other Departures Agreed	Total Number of Exit Packages by Cost Band
<£10,000	-	2	2	-	2	2
£10,000 - £25,000	-	4	4	-	4	4
£25,000-£50,000	-	1	1	-	1	1
£50,000-£100,000	-	-	-	-	-	-
£100,000- £150,000	-	-	-	-	-	-
£150,000-£200,000	-	-	-	-	-	-
Total Number	-	7	7	-	7	7
Total Resource Cost £	-	108,460	108,460	-	108,460	108,460

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

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10. Other administration costs

	2012-13		2011-12	
	Core Department £'000	Consolidated £'000	Core Department £'000	Consolidated £'000
Rentals under operating leases	20	20	61	61
Staff related costs	1,927	1,927	1,717	1,717
Accommodation costs	18	18	5	5
Office services	3,497	3,497	3,280	3,280
Contracted out services	2,123	2,123	2,217	2,217
Professional costs	125	125	38	38
Consultancy costs	80	80	23	23
Other Expenses	270	271	158	158
Sub-Total	8,060	8,061	7,499	7,499
Non – Cash items				
Depreciation-property, plant and equipment	226	226	344	344
Impairment / revaluation of assets	(53)	(53)	(3)	(3)
Amortisation of intangible assets	557	557	776	776
(Profit)/loss on disposal of assets	45	45	16	16
Notional charges:				
Notional auditor's remuneration	85	112	85	102
Notional accommodation	5,586	5,586	5,413	5,413
Other notional costs	7,076	9,364	8,175	9,961
Sub-Total	13,522	15,837	14,806	16,609
Total	21,582	23,898	22,305	24,108

During the year the Department purchased non-audit services from its auditor, the Northern Ireland Audit Office, for a Legality and Regularity Audit on EU CAP expenditure. The expenditure incurred in 2012-13 was £130k.

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Note a - the total of non-cash transactions included in the reconciliation of resources to net cash requirement in note 4.

	2012-13 £'000	2011-12 £'000
Other administration costs – non-cash items (as above)	15,837	16,609
Notional charge for Minister's salary (included in staff costs, note 9)	52	51
Programme costs – non-cash items (Note 11)	(154)	10,343
Total non cash transactions (Statement of Cashflows)	15,735	27,003

11. Programme costs

	Note	2012-13		2011-12	
		Core Department £'000	Consolidated £'000	Core Department £'000	Consolidated £'000
Current Expenditure					
Rentals under operating leases		257	287	225	263
Staff related costs		2,309	3,032	2,252	3,074
Accommodation costs		6,385	6,949	5,888	6,405
Office services		993	1,312	872	1,150
Contracted out services		1,775	4,640	1,645	3,599
Private Veterinary Practitioners fees & expenses		7,408	7,408	6,577	6,577
Professional costs		6,249	6,396	6,066	6,177
Consultancy costs		157	107	15	79
Exchange rate losses/(gains)		185	185	189	189
Diseased animals compensation		16,280	16,280	13,319	13,319
Non-capital plant & equipment purchases		1,102	1,172	1,002	1,074
Structural Fund bad debt (a)	27.1	1,290	1,290	-	-
Other Expenses		16,927	20,978	13,323	17,320
Sub-Total		61,317	70,036	51,373	59,226

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	Note	2012-13		2011-12	
		Core Department £'000	Consolidated £'000	Core Department £'000	Consolidated £'000
EU Grants & Subsidies					
Capital grants & subsidies		11,841	12,157	14,694	14,959
Current grants & subsidies		272,756	273,145	299,515	299,828
Sub-Total		284,597	285,302	314,209	314,787
National Grants & Subsidies					
Grant-in-aid		35,547	35,547	40,567	40,567
Capital grants & subsidies		9,967	10,252	9,144	9,585
Current grants & subsidies		23,201	23,626	28,170	28,753
Sub-Total		68,715	69,425	77,881	78,905
Non – Cash items					
Depreciation-property, plant and equipment		4,735	13,998	4,442	13,135
Amortisation of intangible assets		1,232	1,570	980	1,033
Impairment / revaluation of assets		1,064	(923)	(355)	590
(Profit)/loss on disposal of assets		688	647	67	260
Growing timber revaluation	13.3	-	(11,688)	-	(9,934)
Provision for Doubtful debt		109	109	90	88
Provisions	23	(3,815)	(3,867)	4,931	5,171
Sub-Total		4,013	(154)	10,155	10,343
Total		418,642	424,609	453,618	463,261

- (a) Bad debt write-off relates to EU Structural funds. These programmes were closed in 2010 and this amount is no longer recoverable. (See also note 27.1).

12. Income

	2012-13		2011-12	
	Core Department £'000	Consolidated £'000	Core Department £'000	Consolidated £'000
Administration income:				
AFBI	231	231	231	231
Other Departments	864	864	449	449
Total Administration income	1,095	1,095	680	680
Programme income:				
Seconded staff	94	94	50	50
Timber and other forest produce	-	8,214	-	8,427
Diseased animals salvage	2,152	2,152	1,475	1,475
EU income	284,597	285,302	314,185	314,763
Food Standards Agency	6,689	6,689	6,798	6,798
AFBI	6,652	6,652	6,652	6,652
Other income	8,543	10,006	9,077	10,712
Total programme income	308,727	319,109	338,237	348,877
Total operating income	309,822	320,204	338,917	349,557

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13. Property, plant and equipment

13.1A Property, plant and equipment 2012-13

	Land & Buildings £'000	Plant & Machinery £'000	Transport, Equipment £'000	Information Technology £'000	Networked Assets £'000	Assets under Construction £'000	Total £'000
Cost or valuation							
At 1 April 2012	277,095	17,721	9,312	4,016	653,684	11,331	973,159
Additions	415	590	1,120	484	-	8,318	10,927
Disposals	(702)	(393)	(271)	(206)	-	-	(1,572)
Reclassifications	1,104	(116)	131	-	-	(1,119)	-
Transfers	-	1	11	-	4,784	(4,784)	12
Revaluations	21,115	118	179	354	10,287	-	32,053
Impairments	-	-	-	-	-	-	-
At 31 March 2013	299,027	17,921	10,482	4,648	668,755	13,746	1,014,579
Depreciation							
At 1 April 2012	5,102	11,426	5,333	1,507	125,747	-	149,115
Charged in year	4,491	1,050	729	785	7,424	-	14,479
Disposals	(6)	(345)	(268)	(206)	-	-	(825)
Reclassifications	-	(92)	92	-	-	-	-
Transfers	-	-	-	-	-	-	-
Revaluations	(417)	(55)	61	72	-	-	(339)
Impairments	-	-	-	-	-	-	-
At 31 March 2013	9,170	11,984	5,947	2,158	133,171	-	162,430
Carrying Amount at 31 March 2013	289,857	5,937	4,535	2,490	535,584	13,746	852,149
Carrying Amount at 31 March 2012	271,993	6,295	3,979	2,509	527,937	11,331	824,044
Asset financing:							
Owned	289,323	5,937	4,535	2,490	535,584	13,746	851,615
Land at Baronscourt	534	-	-	-	-	-	534
Carrying Amount At 31 March 2013	289,857	5,937	4,535	2,490	535,584	13,746	852,149

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	Land & Buildings £'000	Plant & Machinery £'000	Transport, Equipment £'000	Information Technology £'000	Networked Assets £'000	Assets under Construction £'000	Total £'000
Analysis of Property, plant and equipment							
The net book value of Property, plant and equipment comprises:							
Core department March 2013	135,293	2,654	2,662	1,247	-	4,017	145,873
Agencies March 2013	154,564	3,283	1,873	1,243	535,584	9,729	706,276
Core department March 2012	142,867	2,835	2,685	1,188	-	1,879	151,454
Agencies March 2012	129,126	3,460	1,294	1,321	527,937	9,452	672,590

Notes:

- (a) Land and Buildings include other land with a net book value of £171,434,954.
- (b) Land and Buildings were valued as at 1 April 2010 for both the Core Department and Rivers Agency. These valuations were carried out on an existing use basis by an independent surveyor, Land and Property Services Agency (LPS).

Forest Service Agency buildings were valued as at 1 April 2009 by LPS in accordance with the Appraisal and Valuation Manual published jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV).

Forest Service Agency Land now forms part of the Combined Asset Valuation of Forestry land and timber thereon which is now valued by LPS on an annual basis in accordance with the Appraisal and Valuation Manual published by the Royal Institute of Chartered Surveyors.

The Rivers Agency Culvert Network and Flood Defence were revalued by in-house staff using standard recognised methodology at 31 March 2013.

- (c) Other tangible assets were revalued using the latest available indices.
- (d) There were no donated asset additions during the 2012-13 financial year.

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13.1B Property, plant and equipment 2011-12

	Land & Buildings	Plant & Machinery	Transport, Equipment	Information Technology	Networked Assets	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 April 2011	269,638	16,936	9,190	3,376	624,309	8,720	932,169
Additions	205	780	287	348	-	7,102	8,722
Donations	-	-	-	-	-	-	-
Disposals	(616)	(316)	(222)	(769)	-	(106)	(2,029)
Reclassifications	1,157	49	-	1,303	1,881	(4,385)	5
Revaluations	6,985	264	54	(137)	27,494	-	34,660
Impairments	(274)	8	3	(105)	-	-	(368)
At 31 March 2012	277,095	17,721	9,312	4,016	653,684	11,331	973,159
Depreciation							
At 1 April 2011	816	10,602	4,855	1,840	118,853	-	136,966
Charged in year	4,165	1,096	736	588	6,894	-	13,479
Disposals	(141)	(301)	(206)	(768)	-	-	(1,416)
Reclassifications	-	-	-	-	-	-	-
Revaluations	231	63	(36)	(97)	-	-	161
Impairments	31	(34)	(16)	(56)	-	-	(75)
At 31 March 2012	5,102	11,426	5,333	1,507	125,747	-	149,115
Carrying Amount at 31 March 2012	271,993	6,295	3,979	2,509	527,937	11,331	824,044
Carrying Amount at 31 March 2011	268,822	6,334	4,335	1,536	505,456	8,720	795,203
Asset financing							
Owned	271,480	6,295	3,979	2,509	527,937	11,331	823,531
Land at Baronscourt	513	-	-	-	-	-	513
Carrying Amount at 31 March 2012	271,993	6,295	3,979	2,509	527,937	11,331	824,044

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	Land & Buildings £'000	Plant & Machinery £'000	Transport, Equipment £'000	Information Technology £'000	Networked Assets £'000	Assets under Construction £'000	Total £'000
Analysis of tangible fixed assets							
The carrying amount of tangible fixed assets comprise:							
At 31 March 2012							
Core department	142,867	2,835	2,685	1,188	-	1,879	151,454
Agencies	129,126	3,460	1,294	1,321	527,937	9,452	672,590
At 31 March 2011							
Core department	139,510	2,897	2,864	1,456	-	1,530	148,257
Agencies	129,312	3,437	1,471	80	505,456	7,190	646,946

13.2 Assets classified as held for sale

	Note	31 March 2013 £'000	31 March 2012 £'000
Land – Tullyhogue Farm	1	-	270
Total Core		-	270
Forestry – Land	2	3	3
Forestry - Timber	3	808	747
Total Consolidated		811	1,020

1. Tullyhogue farm is an out farm at Loughry Campus. Agriculture education at the College stopped in 1994 and all land became surplus to CAFRE requirements. During 2012-13 DARD transferred the land at Tullyhogue to the Northern Ireland Environment Agency at a value of £230,000 having being impaired by £40,000.
2. Assets held for sale include one small area of land surplus to requirements. Two other small areas of land which were surplus to requirements in 2010-11 were disposed of in the 2011-12 year.
3. Assets held for sale include timber allocated for sale under contract which has been removed from the estate database and therefore not valued as part of the non-current timber asset per note 13.3. This timber held for sale at year end will be sold in the following financial year and therefore is disclosed as a current asset held for sale valued at the expected sales price.

13.3 Biological Assets

	2012-13 £'000	2011-12 £'000
Growing Timber		
Value at 1 April	134,299	124,185
Revaluation Adjustment		
Transfer to assets held for sale	(809)	(747)
Timber removals	(7,921)	(8,324)
Timber lost to fire	-	(928)
Timber lost to disease	-	-
Price/Growth element	20,356	20,113
Value at 31 March	145,925	134,299
Revaluation adjustment		
Credited to Statement of Comprehensive Net Expenditure	11,688	9,934
In year movement in assets held for sale	(62)	180
Movement in timber valuation	11,626	10,114

Growing timber is valued in line with the accounting policy (see note 1). Timber lost to fire and disease is also valued on the same basis. Timber identified as having been allocated under contract and removed from the estate database being available for sale in 2012-13 is valued at the expected sales price. Timber removals in year are valued at the sales price achieved. The revaluation movement, except for the movement in the asset held for sale is taken directly to the Statement of Comprehensive Net Expenditure.

13.4 Heritage Assets

	2012-13 £'000	2011-12 £'000
Value at 1 April	1,167	1,167
Additions	-	-
Disposals	-	-
Revaluations	-	-
Value at 31 March	1,167	1,167

Heritage assets are valued at historical cost. Heritage assets are maintained in perpetuity, and consequently are not depreciated.

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14 Intangible assets

2012-13	Forest Land Rights £'000	Software £'000	Software Licences £'000	Total £'000
Cost or valuation				
At 1 April 2012	450	12,324	2,763	15,537
Additions	-	1,135	461	1,596
Disposals	-	(31)	(287)	(318)
Revaluations	-	402	83	485
Impairments	-	-	-	-
At 31 March 2013	450	13,830	3,020	17,300
Amortisation				
At 1 April 2012	-	8,993	2,171	11,164
Charged in year	-	1,467	405	1,872
Disposals	-	(31)	(285)	(316)
Revaluations	-	197	34	231
Impairments	-	-	-	-
At 31 March 2013	-	10,626	2,325	12,951
Carrying Amount at 31 March 2013	450	3,204	695	4,349
2011-12	Forest Land Rights £'000	Software £'000	Software Licences £'000	Total £'000
Cost or valuation				
At 1 April 2011	450	12,500	3,247	16,197
Additions	-	470	246	716
Disposals	-	(1,184)	(836)	(2,020)
Revaluations	-	510	103	613
Impairments	-	28	3	31
At 31 March 2012	450	12,324	2,763	15,537
Amortisation				
At 1 April 2011	-	8,356	2,513	10,869
Charged in year	-	1,444	365	1,809
Disposals	-	(1,184)	(772)	(1,956)
Revaluations	-	358	64	422
Impairments	-	19	1	20
At 31 March 2012	-	8,993	2,171	11,164
Carrying Amount at 31 March 2012	450	3,331	592	4,373

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	Forest Land Rights £'000	Software £'000	Software Licences £'000	Total £'000
Analysis of intangible assets				
The net book value of intangible assets comprises:				
Core department March 2013	-	3,171	660	3,831
Agencies March 2013	450	33	35	518
Core department March 2012	-	3,263	542	3,805
Agencies March 2012	450	68	50	568

15 Financial Instruments

As the cash requirements of the Department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk.

15.1 Foreign Currency risk

Under the Single Farm Payment Scheme, farmers can opt to receive their subsidy payments in Euro. The Department is protected from exposure to significant currency risk in relation to these payments as the funding for them is received in Euro at the same time as the payments are made.

The Department also incurs expenditure in sterling on schemes for which it seeks reimbursement from the EU Structural Funds and the EU Veterinary Fund. Claims for funding are submitted to the EU in Euro. The Department is therefore exposed to currency exchange fluctuations that reflect currency movements between the date it makes a claim and the date it is reimbursed.

15.2 Financial Assets

The Department holds non-tradable shares in a non-public sector body as follows:

United Dairy Farmers Ltd	
£'000	
Balance at 1 April 2011	23
Additions	1
Disposals	-
Balance at 31 March 2012	24
Additions	-
Disposals	-
Balance at 31 March 2013	24

CAFRE hold 20,000 £1 ordinary shares and £6,130 Convertible Loan Stock in United Dairy Farmers Ltd. to whom CAFRE supplies milk from the Greenmount campus. If CAFRE ceases to supply milk to United in the future then United will redeem the shares at par. Alternatively shareholders who cease to supply milk to United can opt to convert their ordinary shares to preference shares with no voting rights (preference share dividend calculated on base rate minus 1%).

16 Investments in other public sector bodies

The Department does not hold investments in any other public sector bodies.

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17 Impairments

	2012-13		2011-12	
	Core Department £'000	Consolidated £'000	Core Department £'000	Consolidated £'000
Charged to statement of comprehensive net expenditure	40	40	-	-
Charged to revaluation reserve	-	-	-	-
	40	40	-	-

These costs relate to impairment losses which arise from a clear consumption of economic benefit as opposed to losses arising from the movement in indices used for the revaluation of non-current assets.

18 Inventories

	2012-13		2011-12	
	Core Department £'000	Consolidated £'000	Core Department £'000	Consolidated £'000
Livestock:				
CAFRE	881	881	810	810
Consumable materials and supplies:				
CAFRE	395	395	437	437
Forest Service Agency	-	164	-	177
Rivers Agency	-	493	-	438
Veterinary Service	95	95	123	123
Animal Health & Welfare	31	31	40	40
Central Services Group	10	10	61	61
Total Inventories	1,412	2,069	1,471	2,086

19 Trade receivables and other current assets

	2012-13		2011-12	
	Core Department £'000	Consolidated £'000	Core Department £'000	Consolidated £'000
Amounts falling due within one year:				
VAT	1,176	1,577	1,034	1,249
Trade receivables	2,555	3,891	1,410	2,660
Other receivables	69	70	436	437
Prepayments & accrued income	7,838	7,972	12,614	12,810
Amounts due from Rural Payments Agency in relation to Common Agricultural Policy (CAP)	33,570	33,582	38,575	38,644
EU grants receivable (excluding CAP)	2,996	2,996	7,457	7,457
	48,204	50,088	61,526	63,257
Amounts due from Consolidated Fund in respect of supply	4,635	4,635	1,390	1,390
Total at 31 March due within one year	52,839	54,723	62,916	64,647
Amounts falling due after more than one year				
Prepayments	-	-	3	3
Total at 31 March due after more than one year:	-	-	3	3

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19.1 Intra-government balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012-13	2011-12	2012-13	2011-12
	£'000	£'000	£'000	£'000
Balances with other central government bodies	43,428	43,634	-	-
Balances with Local Authorities	1	4	-	3
Balances with NHS Trusts	-	1	-	-
Balances with public corporations and trading funds	-	-	-	-
Sub Total: Intra-government balances	43,429	43,639	-	3
Balances with bodies external to Government	11,294	21,008	-	-
Total receivables at 31 March	54,723	64,647	-	3

Included within trade receivables is £239,485 (2011-12: £235,317) that will be due to the Consolidated Fund once the debts are collected.

20 Cash and cash equivalents

	2012-13		2011-12	
	Core £'000	Consolidated £'000	Core £'000	Consolidated £'000
At 1 April 2012	53	59	(2,049)	(2,043)
Net change in cash and cash equivalent balances	(4,070)	(4,070)	2,102	2,102
At 31 March 2013	(4,017)	(4,011)	53	59
The following balances at 31 March were held at:				
Commercial banks and cash in hand	(4,017)	(4,011)	53	59
At 31 March 2013	(4,017)	(4,011)	53	59
The balance comprises				
Cash & bank	283	289	678	684
Bank overdraft	(4,300)	(4,300)	(625)	(625)
	(4,017)	(4,011)	53	59

21 Reconciliation of net cash requirements to increase/(decrease) in cash

	Note	2012-13 £'000	2011-12 £'000
Net cash requirement	4	(239,584)	(234,580)
From Consolidated Fund (supply) - current year		234,092	233,190
From Consolidated Fund (supply) - prior year		1,390	7,448
From Contingency Fund		-	-
Amounts due to the Consolidated Fund - received in a prior year and paid over		-	(4,542)
Supply receivable adjustment		(592)	
Amounts due to the Consolidated Fund - received and not paid over		624	586
Increase/(decrease) in cash		(4,070)	2,102

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22 Trade payables and other current liabilities

	2012-13		2011-12	
	Core Department £'000	Consolidated £'000	Core Department £'000	Consolidated £'000
Amounts falling due within one year:				
Bank overdraft	4,300	4,300	625	625
Other amounts falling due within one year:				
Taxation and Social Security	-	-	-	-
Trade payables	555	858	1,037	1,329
Other payables	19,394	19,400	14,599	14,600
Accruals and deferred income	25,737	29,094	67,328	70,470
EU grant creditors – Common Agricultural Policy	30,138	30,138	37,925	38,081
Sub-Total	75,824	79,490	120,889	124,480
Amounts received from the Consolidated Fund repayable from supply during 2012-13	-	-	-	-
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:				
Received-EU	-	-	-	-
Received-Other	592	624	553	586
Receivable-EU	211	211	211	211
Receivable-Other	29	29	24	24
Sub-Total	832	864	788	821
Total at 31 March 2013 due within one year	80,956	84,654	122,302	125,926
Amounts falling due after more than one year				
Deferred Income	614	614	1,021	1,021
CAP Disallowance	21,912	21,912	-	-
Total at 31 March 2013 due after more than one year:	22,526	22,526	1,021	1,021

CAP Disallowance: as indicated on page 25 of the Operating Review, the Department provided the Commission with the details of risk assessments for the 2010 and 2011 scheme years but as yet there has been no further correspondence from the Commission regarding these financial corrections. Incorporating the Commission methodology applied to the 2009 scheme year, the Department has estimated the risk to the fund to be in the range of 2.94% to 4.60% for the 2010 scheme year and 2.96% to 4.63% for the 2011 scheme year. Based on this estimate the Department has accrued at 3% for disallowance for the Area Aids 2010 scheme year (£8.75m) in the 2011-12 financial statements and at 3% for the 2011 scheme year (£8.65m) in the 2012-13 financial statements. These amounts totalling £17.4m are included within the CAP disallowance figure of £21.9m above. The Department has based its accrual on the lower rates for both scheme years 2010 and 2011 as a significant amount of work has been undertaken by the Department to reduce the liability including improvement of inspection controls, supporting revision of land maps and carrying out annual quality assurance assessments of the mapping system. Furthermore the Commission has indicated that there could be a possible change to the methodology for calculating the risk to the fund commencing with the 2010 scheme year which could reduce the liability further. There does remain some uncertainty about the final quantum of disallowance for the 2010 and 2011 scheme years. The Department expects confirmation of this during the 2013-14 financial year, together with the date of due payment.

22.1 Intra-government balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012-13	2011-12	2012-13	2011-12
	£'000	£'000	£'000	£'000
Balances with other central government bodies	26,558	7,017	22,526	-
Balances with Local Authorities	196	899	-	-
Balances with NHS Trusts	-	23	-	-
Balances with public corporations and trading funds	-	-	-	-
Sub Total: Intra-government balances	26,754	7,939	22,526	-
Balances with bodies external to Government	57,900	117,987	-	1,021
Total receivables at 31 March	84,654	125,926	22,526	1,021

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23 Provisions for liabilities and charges

Core Department					
	Early Departure Costs	Litigation claims	Other Provisions	Equal Pay	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2012	120	2,397	6,139	-	8,656
Provided in the year	196	390	622	-	1,208
Provisions utilised in the year	(160)	(407)	(219)	-	(786)
Provisions not required written back	-	(1,113)	(3,909)	-	(5,022)
Balance At 31 March 2013	156	1,267	2,633	-	4,056

Analysis of expected timing of discounted flows

Core Department					
	Early Departure Costs	Litigation claims	Other Provisions	Equal Pay	Total
	£'000	£'000	£'000	£'000	£'000
Not later than one year	108	1,205	2,330	-	3,643
Later than one year and not later than five years	48	62	303	-	413
Later than five years	-	-	-	-	-
Balance At 31 March 2013	156	1,267	2,633	-	4,056

Consolidated					
	Early Departure Costs	Litigation claims	Other Provisions	Equal Pay	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2012	120	2,968	6,139	-	9,227
Provided in the year	196	416	622	-	1,234
Provisions utilised in the year	(160)	(808)	(219)	-	(1,187)
Provisions not required written back	-	(1,192)	(3,909)	-	(5,101)
Balance At 31 March 2013	156	1,384	2,633	-	4,173

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Analysis of expected timing of discounted flows

Consolidated					
	Early Departure Costs	Litigation claims	Other Provisions	Equal Pay	Total
	£'000	£'000	£'000	£'000	£'000
Not later than one year	108	1,322	2,330	-	3,760
Later than one year and not later than five years	48	62	303	-	413
Later than five years	-	-	-	-	-
Balance At 31 March 2013	156	1,384	2,633	-	4,173

Core Department					
	Early Departure Costs	Litigation claims	Other Provisions	Equal Pay	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2011	175	2,063	1,767	336	4,341
Provided in the year	82	563	4,701	-	5,346
Provisions utilised in the year	(137)	(118)	(287)	(74)	(616)
Provisions not required written back	-	(111)	(42)	(262)	(415)
Balance At 31 March 2012	120	2,397	6,139	-	8,656

Consolidated					
	Early Departure Costs	Litigation claims	Other Provisions	Equal Pay	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2011	175	2,165	1,767	598	4,705
Provided in the year	82	1,100	4,701	-	5,883
Provisions utilised in the year	(137)	(151)	(287)	(74)	(649)
Provisions not required written back	-	(146)	(42)	(524)	(712)
Balance At 31 March 2012	120	2,968	6,139	-	9,227

A discount rate has not been applied to any of the provisions as the time value of money is not significant.

23.1 Early Departure Costs

The Department meets the additional costs of benefits beyond the normal PCSPS(NI) benefits in respect of employees who retire early, by paying the required amounts annually to the PCSPS(NI) over the period between early departure and normal retirement date. The Department provides for this in full when early retirement programme becomes binding by establishing a provision for the estimated payments.

23.2 Litigation

Compensation and associated legal costs relating to personal injury claims by employees and the public as well as commercial legal claims.

23.3 Other Provisions

Other provisions relate to claims for TB/BR compensation, a potential disallowance arising from a procurement investigation in the Loughs Agency and additional Less Favoured Areas (LFAs) Scheme payments to farmers in respect of 2006, 2007 and 2008 because the Euro rates used for the LFA payments were less than those set in the NI Rural Development Programme. Also included is a £300k provision for collection and disposal of fallen animals as a result of the severe weather incident in March 2013.

24 Capital and other commitments

24.1 Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements	2012-13		2011-12	
	Core Department £'000	Consolidated £'000	Core Department £'000	Consolidated £'000
Property, plant and equipment	80	2,960	29	7,780

24.2 Commitments under leases

24.2.1 Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

Obligations under operating leases for the following periods comprise:	2012-13		2011-12	
	Core Department £'000	Consolidated £'000	Core Department £'000	Consolidated £'000
Land				
Not later than one year	5	7	5	7
Later than one year and not later than five years	19	26	19	26
Later than five years	256	434	261	441
	280	467	285	474
Buildings				
Not later than one year	73	73	32	32
Later than one year and not later than five years	222	222	91	91
Later than five years	-	-	107	107
	295	295	230	230
Other				
Not later than one year	53	53	74	74
Later than one year and not later than five years	16	16	69	69
Later than five years	-	-	-	-
	69	69	143	143

24.2.2 Finance leases

The Department had no finance leases during 2012-13 or 2011-12.

24.3 Commitments under PFI contracts

The Department had no PFI contracts during 2012-13 or 2011-12, so there are no commitments at 31 March 2013.

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24.4 Other financial commitments

The Department and its agencies have entered into non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements) to give assistance to farmers and others who meet appropriate criteria. A commitment is deemed to arise for the balance of the total possible payment unpaid, unclaimed and not yet due to be claimed at 31 March 2013.

The payments to which the Department is committed are as follows:

	2012-13		2011-12	
	Core Department £'000	Consolidated £'000	Core Department £'000	Consolidated £'000
EU Grants/Schemes				
Not later than one year	65,048	65,614	46,537	47,837
Later than one year and not later than five years	76,246	78,070	59,178	61,878
Later than five years	3,092	4,517	23	4,223
	144,386	148,201	105,738	113,938
National Grant Schemes				
Not later than one year	501	964	756	756
Later than one year and not later than five years	273	1,765	507	507
Later than five years	-	1,166	-	-
	774	3,895	1,263	1,263
Total EU Grants/Schemes/ National Grant Schemes				
Not later than one year	65,549	66,578	47,293	48,593
Later than one year and not later than five years	76,519	79,835	59,685	62,385
Later than five years	3,092	5,683	23	4,223
	145,160	152,096	107,001	115,201

The EU Grants/Schemes commitment includes both the EU and the Departmental share. The EU and Departmental shares vary from scheme to scheme. The split of the total commitment of £152.1million (2011-12 £115.2 million) is EU £87.8 million (57%) (2011-12 £65.6 million (57%)) and DARD £64.3million (43%) (2011-12 £49.6 million (43%)).

25 Financial Guarantees, Indemnities and Letters of Comfort

The Department has not entered into any quantifiable guarantees, indemnities or provided letters of comfort.

26 Contingent liabilities disclosed under IAS 37

The Department and its agencies have the following contingent liabilities:

- (i) Single Farm Payment Scheme. As indicated on pages 25 & 26 of the Operating Review, the Department has accrued in these financial statements for disallowance in respect of the Single Farm Payment Area Aids scheme years 2010 and 2011 on the basis of an estimated financial correction of 3%. In respect to scheme year 2012, no audit has been carried out and no disallowance has been proposed. The existence of any liability in respect of disallowance in the future is therefore contingent on future events and the existence, quantum or timing cannot be determined with any degree of certainty. Possible outcomes could be in a range of £0m to £8.7m for that scheme year based on our experience to date.
- (ii) There are a few other contingent liabilities which are considered not sufficiently material to be itemised.

26.1 Contingent liabilities not required to be disclosed under FRS 12 but included for Assembly reporting and accountability purposes

There were no contingent liabilities reported to the Assembly which are not covered by provisions Note 23 or Note 26 above.

27 Losses and special payments

27.1 Losses Statement

	2012-13		2011-12	
	Core Department £'000	Consolidated £'000	Core Department £'000	Consolidated £'000
Total of 76 cases (2011-12: 92)	13,819	14,039	12,294	13,491
Details of cases over £250,000:				
Cash Losses	735	735	-	-
Administrative write offs	1,290	1,290	-	-
Fruitless payments	11,676	11,676	12,155	12,155

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These cases include abandoned claims, constructive losses, other losses, malicious damage, theft, cash losses, accidental damage, fruitless payments, forest fires, and unvouched or incompletely vouched expenditure.

There were three cases which exceeded £250,000.

Following the registration of the Agri-Food and Biosciences Institute (AFBI) for corporation tax in May 2012, HM Revenue and Customs (HMRC) have advised that AFBI will have a tax liability based upon the application of tax to AFBI's royalty income stream from its establishment on 1 April 2006. The demand includes £735k for penalty and interest charges, which falls to be disclosed as a loss. AFBI is actively engaged with HMRC in an effort to reduce the amount of penalties and interest chargeable.

The second case is for £1,290k and relates to bad debt write-off in respect of EU Structural funds. These programmes were closed in 2010 and this amount is no longer recoverable. (See also Note 11).

In the 2010-11 year, we discovered that several larch plantations were diseased, caused by the quarantine organism *Phytophthora ramorum* and during the 2011-12 year, we also discovered that plantations and individual trees of lawson cypress were diseased, caused by the quarantine organism *P. lateralis*. Both the *Phytophthora* diseases continued to affect the forestry estate during the 2012-13 year.

In the year 2012-13 Northern Ireland was also affected by the pathogen *Hymenoscyphus pseudoalbidus* (anamorph *Chalara Fraxinea*) causing the disease die back of ash trees. Agency resources were used to control ash dieback on grant aided planting schemes throughout the year.

The losses indicated above are calculated as the total direct labour and material costs incurred in the necessary harvesting and clearance of affected sites, and the fair value of immature trees. The value of these trees has been calculated using the fair value method described in note 1.3.

In 2012-13, there were fruitless payments (as defined by Managing Public Money Northern Ireland) to the value of £11,676,056 which represented financial disallowances in respect of the Single Farm Payment area aids for scheme year 2011 and cross compliance for scheme years 2007 to 2009.

The Department continues the complex process that will lead to remapping all agricultural land to produce statements of maximum eligible area, which is the approach encouraged by the EC.

These fruitless payments are accounted for within Programme Costs in the Consolidated Statement of Comprehensive Net Expenditure.

27.2 Special Payments

	2012-13		2011-12	
	Core Department £'000	Consolidated £'000	Core Department £'000	Consolidated £'000
Total of 51 cases (2011-12: 27)	408	420	445	448
Details of cases over £250,000				
1. Compensation Payments	250	250	-	-

These cases include Ex Gratia payments, compensation payments, and Extra Statutory payments. There was one special payment of £250,000 made to a company as a compensation payment during the year for an incident that occurred in 2006 in relation to animal testing carried out by the department. A writ was issued against DARD to recover the loss incurred by the company.

28 Related-party transactions

The Department of Agriculture and Rural Development is the parent Department of the Forest Service Agency and the Rivers Agency and sponsors the Agri Food and Biosciences Institute (AFBI), Agricultural Wages Board (AWB) for NI, Livestock and Meat Commission (LMC) for NI, NI Fishery Harbour Authority (NIFHA), and the Loughs Agency of the Foyle, Carlingford and Irish Lights Commission. These bodies are regarded as related parties with which the Department has had various transactions during the year.

The Department receives EU funding through the Department for Environment Food and Rural Affairs (DEFRA) and the Rural Payments Agency, an agency of DEFRA, both of which are UK government bodies.

The members of staff asked to declare any such interest include top managerial officials as well as the Departmental Board. The following interests were declared:

Six officers were members of bodies that have had dealings with DARD. These bodies included:

- North of Ireland Veterinary Association
- Royal College of Veterinary Surgeons
- British Veterinary Association
- Veterinary Public Health Association
- Veterinary Association of Meat Inspectors
- Federation of Veterinarians of Europe
- Royal Ulster Agricultural Society

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Eight officers, or their spouses, or other family members have an interest in small parcels of agricultural land. Some of these persons have received grants from DARD.

One officer's spouse is a partner in a consulting firm involved in the delivery of the Northern Ireland Rural Development Programme. The individual concerned has had no involvement in nor received any financial reward from this work.

All the above interests are regarded as not material.

29 Third-party assets

The Department held third-party assets at 31 March including bank accounts, Consolidated Fund investments, shares in the Northern Ireland Central Investment Fund for Charities, and Government Stocks. These are not Departmental assets and are not included in the accounts. The balances at 31 March are shown in the following tables.

Consolidated			
Northern Ireland Central Investment Fund for Charities	No. of Shares	Market Value at 31/03/13 £	Market Value at 31/03/12 £
Description			
DARD Moore Memorial Fund	96	1,026.37	922.78
DARD Thomson Memorial Account	990	10,584.49	9,516.18
DARD Thompson Bequest Account	10,973	117,316.73	105,475.77
Vaughan Charity	181,395	1,939,366.50	1,743,623.16
Vaughan Charity – Fermanagh Pig Project	1,099	11,749.85	10,563.92
DARD Drainage Trusts	3,008	32,159.73	28,913.79
Totals	197,561	2,112,203.67	1,899,015.60

Consolidated			
Government Stocks	Nominal Value £	Market Value at 31/03/13 £	Market Value at 31/03/12 £
Description			
DARD Drainage Trusts:			
2 ½% Treasury Stock	118.91	76	76

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Third-party account balances At 31 March	Bank Accounts		Consolidated Fund	
	2013	2012	2013	2012
	£	£	£	£
DARD Horse Racing Fund Account	0.13	11.42	123,492.00	107,192.00
Enniskillen College of Agriculture (ECA) Sport and Tuck Shop	-	3,556.53	-	-
ECA Equine and Business	-	1,148.68	-	-
ECA Show Jumping Club	-	1,295.28	-	-
ECA Travel Fund	8,948.81	4,479.56	-	-
ECA Vaughan Charity – current account	31,594.84	18,175.55	-	-
ECA Vaughan Charity – deposit account	20,720.35	40,657.36	-	-
Educational Trust Fund	10.00	-	-	-
Greenmount College Floristry Club	2,060.89	1,647.29	-	-
Greenmount College Sports Fund	2,235.80	9,090.46	-	-
Greenmount College Sports and Recreation Club	16,634.05	2,234.01	-	-
GCR Enterprise Management	4,903.48	5,753.83	-	-
Greenmount Travel – Current	50,154.35	22,565.46	-	-
Greenmount Travel – Business Reserve	8,689.95	8,680.19	-	-
Greenmount – Projects	1,920.00	4,740.75	-	-
Greenmount – Cream Advisory	26,072.39	25,947.94	-	-
Greenmount College Rugby Club	392.87	433.67	-	-
Greenmount College Football Club	11.59	11.59	-	-
Greenmount College Gaelic Club	857.43	881.43	-	-
Greenmount Horse Riding Club	193.45	193.45	-	-
Greenmount Bursaries	14,195.53	11,132.85	-	-
Loughry Student Affiliation Account	12,725.38	12,484.85	-	-
Drainage Trust Investment Accounts	65,588.49	64,618.43	-	-
DARD Land Purchase Annuities	-	406.51	-	1,300.00
DARD Moore Memorial Fund	32.47	50.25	1,500.00	1,500.00
DARD Thomson Memorial Account	43.60	18.36	12,020.00	11,620.00
DARD Thompson Bequest Account	42.89	1.88	115.00	5.00
Totals	268,028.74	240,217.58	137,127.00	121,617.00

30 Entities within the departmental boundary

The entities within the boundary during 2012-13 were as follows:

Supply-financed agencies: Forest Service Agency
Rivers Agency

The annual reports and accounts of Forest Service Agency and Rivers Agency are published separately.

31 Events after the reporting period

Symptoms of the Ramorum disease of larch were identified by Forest Service staff within Castlewellan Forest Service Park. Follow-up inspections by Agri-food Inspection Branch Plant Health Inspectors have now confirmed that the Ramorum disease of larch is present within the forest park. Many trees have already died and action is now underway to fell over 100 hectares to reduce the risk of the disease spreading to other forest species, and to recover as much of the timber as is possible. At this time it is not possible to identify the quantum of the impact upon Forest Service Agency.

Hardship payment scheme - on 16 May, the Executive agreed a second element of the hardship funding measures, the Hardship Payment Scheme. This is recognition of the hardship sustained at farm level as the result of sheep, dairy and beef cattle and other livestock losses arising from the spring blizzard. Payments will help to mitigate the costs of these livestock losses and assist farmers towards the reestablishment of farm livestock. Farmers who had fallen stock collected and disposed of during the relevant period by approved renderers will be eligible for the hardship funding. The estimated cost, including the collection and disposal of fallen animals, is £3m.

Hardship Payments under Fodder Transport Scheme - on 16 May, the Executive agreed a third element, hardship payments to provide relief to farmers affected by the current fodder crisis. The Executive agreed to extend the amount of hardship funding by up to an additional £1m, to be made available to offset the high cost of fodder.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 27 June 2013.

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