EXPLANATORY MEMORANDUM
THE HORTICULTURE PILOT SCHEME REGULATIONS (NORTHERN IRELAND) 2025
S.R. 2025 No. 103

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department of Agriculture, Environment and Rural Affairs (DAERA) to accompany the Statutory Rule (details above) which is to be laid before the Northern Ireland Assembly.

1.2 The Statutory Rule is made under exercise of the powers conferred by sections 5 (2B) and 6(1)(f) of the Agriculture Act (Northern Ireland) 1949 and is subject to the negative resolution procedure.

2. Purpose

2.1 The purpose of this Statutory Rule is to introduce the Horticulture Pilot Scheme. The Scheme will require payments to be made by DAERA to eligible Horticulture businesses in relation to participation in pilot Schemes 1, 2 and 3 of the Horticulture Pilot Scheme.

3. Background

3.1 The commercial Horticulture Industry in Northern Ireland (NI) is fragmented, with a diverse range of production enterprises impacting on the scale of production and consistency of supply for some sectors. There is limited robust statistical and economic data available for the NI horticulture industry, including information on the number and scale of businesses and the costs and returns of production. Historically, there has also been limited successful cooperation between growers within the Horticulture Industry due to competition in the marketplace, even though this would present a clear opportunity to address the weaknesses arising from its fragmented structure. The challenge is to develop solutions which will build capacity (including that for cooperative capacity) and supply chain integration for the commercial horticulture industry to address the current problems of scale, consistency, and continuity of supply of product.

3.2 To help address the issues outlined at 3.1 DAERA in conjunction with the College of Agriculture, Food and Rural Enterprise (CAFRE) have inaugurated and developed a dedicated programme of support for Northern Ireland's commercial horticulture industry. This new programme of support is a key policy workstream within DAERA's Sustainable Agriculture Programme (SAP) and is made up of three individual pilot schemes as follows:

(i) Pilot Scheme 1: Sustainable Sector Growth Groups (SSGG):

Pilot Scheme 1 has been developed to provide greater knowledge transfer, business development and supply chain support within the sectors of the NI commercial horticulture industry to underpin future business expansion. Pilot Scheme 1 will help to address issues such as the collection of data to drive an increase in the quantity and the quality of crop production, as well as providing growers or their nominated employee with the opportunity to avail of bespoke knowledge transfer support through direct engagement

with a horticulture professional including an agronomist. Through participation in a SSGG under Pilot Scheme 1, growers or one nominated employee will also have access to a business specialist and a supply chain specialist to assist the group in developing a business plan to enhance the growth of their business. SSGGs will consist of 4 to 12 commercial horticulture growers or a nominated employee coming together to achieve outcomes which will be beneficial to their individual and collective businesses. Participants in this scheme cannot be a member of more than one SSGG. A hosting payment of £786 will be paid to the host of each workshop for preparation, collation, presentation and discussion on business performance. To be eligible for this pilot scheme and hosting payment, businesses must have a Unique Taxpayer Reference (UTR) number issued by HMRC directly linked to their DAERA Business Identification number. This pilot scheme is targeted at growers or their nominated employee who historically have never worked together collaboratively in a group setting encouraging them to come together to achieve specific outcomes. Pilot scheme 1 is a standalone scheme and is not directly linked to pilot schemes 2 and 3. The target number of SSGG's is six.

(ii) Pilot Scheme 2: Innovation Driver and Support:

This pilot scheme will provide financial support to horticulture businesses to grow crops that are new to NI or to implement technologies and systems that are again new to NI with the overall aim of improving productivity and sustainability. Only one of each project proposed will be funded under pilot scheme 2 therefore funding of multiple identical projects will not occur. DAERA/CAFRE will not be providing interested applicants with a prescriptive list of potential eligible projects. Rather the onus will be on the applicant to propose and demonstrate how their project for funding under pilot scheme 2 supports the growing of a crop and/or the implementation of a technology or system which could be deemed as new to NI. One example of a crop that is new to NI would be the growing of cherries under cover. Investment in new technologies and more robotic and automated processes will help to address the labour challenges the industry has faced in recent years as well as the creation of opportunities to improve upon the industry's long-term levels of efficiency and productivity. Pilot scheme 2 will measure the number of new technologies and the number of new horticulture crops successfully established in NI (target of 70% successful adoptions). The overall capital budget is based on 30 applications with a maximum total individual project spend of £625,000. Therefore, the maximum grant funding an applicant could receive under pilot scheme 2 would be £250,000. Not all applicants are expected to avail of the maximum funding available with a funding rate of 40% on total project spends ranging from £10,000 to £625,000.

(iii)Pilot Scheme 3: Growers' Training and Support Pilot Scheme:

DAERA has a record of improving the Agri-Food Industry's technical efficiency through the provision of knowledge and innovation support, particularly through CAFRE's education, knowledge transfer and innovation provision. Pilot Scheme 3 will improve technical efficiency

which can contribute to increased productivity, profitability and resilience, generating benefits for the whole of NI's rural economy. Furthermore, in the above context, the Growers' Training and Support pilot scheme will provide growers or one nominated employee with the opportunity to avail of up-skilling and further technical/professional development opportunities that are bespoke to their commercial horticulture sector. It is envisaged that this will suit NI commercial horticulture growers who have limited time and resources to invest in training, allowing them to take up tailored learning paths which will help them improve their knowledge and skills in specific aspects relevant to their business. Those growers or their nominated employee who do not currently hold a Level 2 Certificate in Practical Horticulture Skills or an equivalent formal horticulture related qualification, will be required to complete a tailored short course training programme delivered by CAFRE to meet the scheme's entry requirements. This will provide growers or their nominated employee with the opportunity to attain a Level 2 Certificate in Practical Horticulture Skills. As part of the Growers' Training and Support pilot scheme CAFRE will be solely responsible for the delivery of the Level 2 Certificate in Practical Horticulture Skills; the delivery of all other aspects of this pilot scheme will be outsourced to an external supplier including all the business and financial elements. The Growers' Training and Support pilot scheme has a total budget of £900,000 and DAERA/CAFRE will be responsible for all costs associated with this pilot scheme. Growers or their nominated employee will undertake a programme of training and development as identified in their business development plan. Participants will receive a maximum bursary of £2,000 per grower over the life of pilot scheme 3 and this will allow them to undertake travel (in line with Northern Ireland Civil Service (NICS) travel and subsistence guidelines) to technical shows and study tours with the learning from these visits to be practised within their horticulture business. The business and technical gaps identified in the business development plan will be addressed through active participation in the activities delivered by the external supplier. This will initiate development of the growers' knowledge and skills through their participation in training courses/workshops, travel and their interactions with agronomists, supply chain, business specialists and other growers. A maximum number of 20 growers or nominated employees will be enrolled onto the Growers' Training and Support pilot scheme.

4. Consultation

4.1 A formal written consultation on the Future Agricultural Policy Proposals for Northern Ireland was carried out during the Autumn of 2021.

4.2 There has been consultation with the Agricultural Policy Stakeholder Group, the CAFRE College Advisory Group (CAG), the Ulster Farmers Union (UFU) and industry stakeholder groups on the Horticulture Pilot Scheme proposal, design and proposed timelines. The stakeholder groups are broadly supportive of this scheme. Informal discussions have also taken place with grower representatives of the various horticulture sub-sectors.

5. Equality Impact

5.1 DAERA considers that the proposed statutory rule complies with section 75 of the 1998 Northern Ireland Act and has screened this out of a full equality impact assessment.

6. Regulatory Impact

6.1 A Regulatory Impact Assessment has been completed for the Horticulture Pilot Scheme.

7. Financial Implications

7.1 The Horticulture Pilot Scheme will have a total cost of £7.7m.

7.2 Pilot schemes 1 and 3 which relates to the resource funding element of the Horticulture Pilot Scheme will be funded from Executive earmarked funding for agriculture, agri-environment, fisheries and rural development to DAERA for 2025-26 and future years as part of the wider agreement on the Draft Budget 2025-26. The total cost of resource funding is £5 million.

7.3 Pilot scheme 2 which relates to the capital funding element of this Horticulture Pilot Scheme will be funded from Executive earmarked funding for agriculture, agri-environment, fisheries and rural development to DAERA for 2025-26 and future years as part of the wider agreement on the Draft Budget 2025-26. The total cost of capital funding is £2.7 million.

8. Section 24 of the Northern Ireland Act 1998

8.1 This Statutory Rule complies with the provisions set out in section 24 of the 1998 Northern Ireland Act.

9. EU Implications

9.1 Not applicable.

10. Parity or Replicatory Measure

10.1 The Horticulture Pilot Scheme Regulations (Northern Ireland) 2025 apply to Northern Ireland only. This measure does not replicate, nor is it required to maintain parity with legislation in other administrations.

11. Additional Information

11.1 Further information can be obtained by contacting David Dowd, Horticulture Branch, (CAFRE), David.Dowd@daera-ni.gov.uk or telephone: 028 9442 6638