



House of Commons  
Environment, Food and Rural  
Affairs Committee

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**The Rural Payments  
Agency and the  
implementation of the  
Single Payment  
Scheme: Government  
Response to the  
Committee's Third  
Report of Session  
2006–07**

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**Third Special Report of Session 2006–  
07**

*Ordered by The House of Commons  
to be printed 18 July 2007*

**HC 956**  
Published on 24 July 2007  
by authority of the House of Commons  
London: The Stationery Office Limited  
£0.00

## Environment, Food and Rural Affairs Committee

The Environment, Food and Rural Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Environment, Food and Rural Affairs and its associated bodies.

### Current membership

Mr Michael Jack (Conservative, Fylde) (Chairman)  
Mr Geoffrey Cox (Conservative, Torridge & West Devon)  
Mr David Drew (Labour, Stroud)  
Mr James Gray (Conservative, North Wiltshire)  
Patrick Hall (Labour, Bedford)  
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Mrs Madeleine Moon (Labour, Bridgend)  
Mr Jamie Reed (Labour, Copeland)  
Mr Dan Rogerson (Liberal Democrat, North Cornwall)  
Sir Peter Soulsby (Labour, Leicester South)  
David Taylor (Labour, North West Leicestershire)  
Mr Roger Williams (Liberal Democrat, Brecon & Radnorshire)

James Duddridge (Conservative, Rochford & Southend East) and Mr Shailesh Vara (Conservative, North West Cambridgeshire) were members of the Committee during this inquiry.

### Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No. 152. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publications

The reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at [www.parliament.uk/efracom](http://www.parliament.uk/efracom)

### Committee staff

The current staff of the Committee are Chris Stanton (Clerk), Nerys Welfoot (Second Clerk), Dr Antonia James (Committee Specialist), Marek Kubala (Inquiry Manager), Andy Boyd and John-Paul Flaherty (Committee Assistants) and Mandy Sullivan (Secretary).

### Contacts

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## Third Special Report

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1. The Environment, Food and Rural Affairs Committee reported to the House on *The Rural Payments Agency and the implementation of the Single Payment Scheme* in its Third Report of Session 2006–07, published on 29 March 2007 as HC 107-I. We received the Government response on Friday 6 July. Not only was this very late, it also meant that we were unable to report it to the House in time for the debate on our report that was held on Monday 9 July. We do not understand why it took the Government so long to produce this less than full reply. The Department knew of the debate well in advance. The response should not have been so late at all, but at the very least should have been given to us so that we had the opportunity to report it to the House in time for the debate.

2. Given the in-depth analysis contained in our Report, we believe that the Government response is, to say the least, shoddy. In a number of cases it fails to provide any response at all to the specific recommendations we made. In some other cases the response is superficial. We have decided not to ask for the Department to produce another one at this stage. However we give notice to the Department that we will wish to re-examine the Rural Payments Agency in the future and will return to the recommendations in our report in that context.

3. We fundamentally reject the Government's criticism of the fact that the Committee named those it judged responsible for the failure that occurred. We were not attempting to act as a disciplinary tribunal of senior civil servants, but seeking to allocate responsibility for a fundamental failure of Government policy.

## Government response

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### Introduction

The Government is grateful to the Select Committee for its report on the Rural Payments Agency (RPA) and the implementation of the Single Payment Scheme (SPS).

The Government acknowledges with regret the significant difficulties experienced with the delivery of the new SPS and the impact that this has had on individual English farmers and the wider farming community. The RPA paid over 90% of the money available for the 2005 SPS within the required EU Regulatory timeframe (by 30 June 2006) but this was after the Government had made a commitment to pay the bulk of payments by the end of March.

The RPA is an Executive Agency of the Department for Environment, Food and Rural Affairs (Defra). The Agency's Chief Executive performs the role of Accounting Officer for the Agency, responsible for the money spent by the Agency, delivery of its targets and its day-to-day management. One of the major roles the Agency plays is acting under EU law as the accredited Paying Agency for the domestic redistribution of funds from the Common Agricultural Policy which it does on behalf of the Secretary of State.

The RPA was responsible for developing and implementing a system to ensure that correct payments to farmers under the SPS were made by the internal target date recommended by RPA and agreed by Defra Ministers. Defra senior officials worked closely with the RPA Chief Executive and his team in pursuit of that objective and to provide an appropriate challenge function. However, responsibility for delivering the scheme and advising Ministers on RPA's ability to meet the timetable rested solely with the Chief Executive. Any other arrangement would have compromised the Agency's accountability and undermined the arrangements under which the Department oversaw its functions.

Once it became clear that the announced timetable would not be met, the Department acted swiftly to replace the Chief Executive and to ensure the flow of payments was expedited. Details of these actions are set out in the evidence Defra has provided to the Committee. Since then, the Department and RPA have focused on ensuring improvements to the way SPS is delivered with the aim to provide stability for RPA's customers in the SPS 2007 and an improved service for SPS 2008. The RPA's processes for handling SPS claims have already been streamlined, helping the Agency to achieve its formal target for SPS 2006 by making 98% of payments by 30 June 2007, and further improvements are in hand as part of the RPA's Recovery Campaign funded by the Department.

The Defra commissioned Hunter Review which looked at RPA's current and possible future functions reported in March 2007. It concluded the RPA should remain as a Defra Agency, concentrating on its core business as a paying agency. Furthermore, the review recommended against major changes in the structure or responsibilities of the Agency in the immediate future so it can focus in the short term on stabilising the SPS.

Many of the lessons learned have been fed into the Department's wider review of its governance of delivery which confirmed that governance arrangements should be fit for purpose, and specifically related to the capacity of a delivery organisation to manage its challenges and risks. Defra must balance governance structures and their operation against risk associated with delivery and the organisational capacity and capability of the delivery organisation. Actions from this review will be taken forward as part of the Department's response to its recent Capability Review.

Some of these points are covered in more detail in response to the Committee's recommendations and conclusions, which have been grouped by theme. The Committee's recommendations are reproduced in bold.

**1. Defra should establish why its decision making processes did not require an adequate examination in 2003 of the implications and changed risk profile associated with introducing the Single Payment Scheme in parallel with the RPA's Change Programme and its associated new business processes.**

**2. The policy reasons for the Government choosing the dynamic hybrid are appreciated, but such decisions should not be made in isolation from practical realities. The choice of the dynamic hybrid model made the RPA's task a more complex one than implementation on a historic basis, especially with the Change Programme being implemented in parallel with the SPS. The policy suffered from the closed nature of discussions during its development and a lack of real scrutiny of**

the implications of what was proposed, such as the fact that payments would henceforth be made outside the farming mainstream.

3. We conclude that Defra ministers selected the 'dynamic hybrid' model in the knowledge that it was inherently more complex and risky. But they did not seem to be aware of what they were letting themselves in for. Defra officials did not quantify these risks for them, and relied too easily on RPA assurances that the choice was deliverable in the time available. These assurances were not based on detailed analysis, and were partly motivated by a desire to escape from difficulties with the development of IT systems to pay the previous schemes. No proper appraisal was made of the volume of work that the chosen policy would entail, both in terms of the number of claims and, even more significantly, the number of land changes that the RPA would have to deal with: land not formerly incorporated would now be within the system and there was a strong incentive for landowners and farmers to register as much land as possible. Defra should now identify those who were responsible for this fundamental failure to recognise the consequences of its own actions on the RPA payment delivery mechanism. Senior officials who presided over the lack of policy analysis should indicate why those actions were not undertaken.

4. The amendment of the original dynamic hybrid decision so soon after it was announced, by adding a third region, reinforces our conclusion that the wider implications of the dynamic hybrid model had not been properly thought through when the decision was made. It also made the RPA's task yet more complex and lost them more time. Defra should provide a commentary to explain this failing in its internal decision making process.

6. We conclude that the numerous changes to the SPS rules and late policy decisions contributed to the delay in implementation by reducing the time available to build and test systems. Defra was not to blame for all of these delays: the EU was slow to finalise the common rules of the SPS. However this should have been a foreseeable risk, as Defra should have realised that other Member States were not in such a hurry to have the details worked out, either because they were implementing in 2006 or because they were using a historic system. In addition, some of the RITA components were not able to cope with the required volumes when delivered, which reduced the amount of time the RPA had to process the 2005 SPS claims. RITA itself did not work reliably enough. Defra failed to anticipate the volume effects on their systems arising from the implications of the SPS policy for the numbers of additional landowners who could now benefit from the new arrangements. Ultimately ministers and Defra senior management must accept full responsibility for their failings.

In its evidence to the Committee the Government sought to demonstrate that both Defra and the RPA undertook a substantial programme of work involving the farming community and their main representatives to analyse the implications of the June 2003 CAP reforms and preferred policy options.

The policy development was taken forward in an inclusive and fluid process. The outcomes of discussions with key industry stakeholders and the analysis of the real world impact of the various possible options contributed to the internal discussions that took place involving Defra and RPA officials, the ministerial team and special advisers. Substantial analysis underpinned the decision on the dynamic hybrid model including distributional impacts and impacts of decoupling.

In parallel, with the developing knowledge of the shape, if not the detail, of the CAP Reforms, the RPA carried out an assessment of what impact these reforms would have on its business. In particular, this assessment looked at the implications for the Agency's existing Change Programme and at the suitability and capacity of its IT systems and processes. In September 2003, the Agency recommended to Defra's Restructuring Board that the CAP Reform work should be integrated into the existing RPA Change Programme. This was approved by the Board and recommended to Ministers for final agreement.

When Ministers subsequently selected the dynamic hybrid model, it was fully recognised that this approach would add complexity and increase the risks to the RPA Change Programme. However, at no point did the Agency or the independent assessors say that it was not possible. Question marks have been raised – with the benefit of hindsight – as to whether the Agency had the capacity or capability to make an informed assessment necessary of the likely impact of the new scheme on the systems and processes it was developing. However, as explained in evidence to the Committee, the Agency's record in meeting its objectives and external assessments before March 2006 did not suggest that those question marks existed at the time.

Following the decision to proceed with the dynamic hybrid model and in line with best practice, close working with stakeholders continued and amendments were made in light of their inputs. This included making the further division of the Severely Disadvantaged Area to identify moorland as a separate region to which the Committee specifically refers and which it supported in its 7<sup>th</sup> Report of Session 2003–2004.

With hindsight it is now clear that the extent of policy changes and their timing, combined with the problems within the RPA, overstretched the Agency's ability to deliver.

The Government does recognise the importance of getting the working relationships right with its delivery bodies. Changes have been made to the way in which Defra and RPA work together (some of which are detailed below) forming part of the wider Departmental review of Defra's governance structures with its delivery bodies.

**5. RPA efforts to reduce risk of EU disallowance in fact increased the risk of failure in policy delivery. The RPA and Defra ended up with worst of all worlds: both a failure to deliver and the likelihood of substantial EU disallowance. Defra should identify which ministers and officials contrived to agree a scenario that was a precursor to failure.**

**13. Defra should explain why its concerns that disallowance prevention was interfering too much with the preparations for payments were not heeded by the Agency.**

The former Permanent Secretary made it clear to the former RPA Chief Executive that the Agency needed to balance appropriately the risk of disallowance against the risk of failure to deliver. Possibly as a result of a lack of understanding of how its new systems and processes would operate in practice, subsequent experience would suggest that the RPA remained overly focused on compliance and avoidance of disallowance and did not sufficiently balance those concerns against the need for efficient processing of payments to farmers.

Disallowance risks were reviewed during this period by the RPA Audit Committee, under external chairmanship, and reported orally to the RPA Ownership Board. However, in July 2006, the Department established the Disallowance Working Group to strengthen the assessment of financial, legal, regulatory and reputational risks associated with the delivery of CAP payments, particularly concerned with the SPS. The Group's work includes evaluation of options and assessment of measures to manage and mitigate risks between principally the Department and the RPA and advises the Accounting Officers from both the Agency and the Department. Following some recent additional internal analysis, the Department's capacity to address disallowance issues is being further strengthened.

**7. Accenture witnesses appeared to have been well schooled in not venturing comment on matters which they deemed were beyond their contractual observations. This attitude denied the Committee an important perspective on the way the SPS project was being run from the standpoint of a company at the heart of the venture. We regard this as an unacceptable attitude from a company of international repute and which may still aspire to work with UK government in other areas.**

The Government notes the Committee's observation.

**8. What this supervisory structure confirms is that Defra did not simply let its executive agency get on its own and try to deliver the SPS on time. The Department effectively established joint ownership of the project, 'warts and all'. In so doing it reaffirmed its share of the responsibility for the project.**

**9. The Committee very much regrets the former Secretary of State's attempts verbally to distance herself from the consequences of policies which she herself must have approved. Expressing annoyance or dismay was no substitute for her need at the time fully to engage in her Department's efforts to deliver the SPS on time.**

**14. The Department should indicate in detail what steps it has taken, and plans to take, to ensure that lines of communication between Defra and its Agencies are clear so that parties can be certain in the future that each has understood what the other is saying. Defra must also incorporate in its next Annual Report a section giving a clear and unambiguous account of how it is correcting its weaknesses and responding to the lessons learnt.**

The Government has set out the key actions it is taking to enhance the effectiveness of the Department's partnership with its delivery bodies in its response to the Committee's report on Defra's 2006 Departmental Report and Defra Budget (published on 15 May 2007).

Although organisationally at arms length from the Department, Executive Agencies such as the RPA are responsible to the Secretary of State and are indistinguishable from the Department itself. This relationship by its nature is generally closer than other types of delivery bodies. There is no question therefore that the Department should at any stage renounce its interest in an Agency's work.

In the case of implementing the SPS it was important to ensure that policy development and delivery responsibilities were closely aligned, without affecting the key accountabilities of core Defra for the former and RPA for the latter. The roles of the key mechanisms – notably the CAP reform implementation programme board (CAPRI) and the Executive Review Group (ERG) – have been documented in the Government's evidence to the Committee. The governance structures put in place to oversee progress of the programme were commented upon favourably in the reviews carried out by the OGC and NAO at the time. Specific reference was made in those reviews to the fact that the structures followed best practice and provided a sound basis through which to manage risks.

The Government accepts that as the delivery deadline loomed, the degree of overlap between the responsibilities of these two groups increased. However, there is no evidence that this undermined the RPA Chief Executive's responsibilities in respect of delivering the SPS, or that it added to RPA's difficulties. On the contrary, the attention of senior Defra officials ensured that providing whatever support was requested was afforded the necessary high priority and that decisions were made quickly.

The closure of the RPA Change Programme in Spring 2006 and the arrival of a new RPA Chief Executive provided an opportunity to revisit the governance arrangements for the RPA. The Defra Management Board's corporate ownership interest has been placed with the Director General (DG) for Food and Farming, in line with new practice across Defra of placing this interest for any given executive agency with an individual member of the SCS, usually the DG with the greatest policy interest in the performance of the body concerned. He is supported by a new Strategic Advisory Board, replacing the old Ownership Board, providing support and challenge to RPA at the strategic level and focused on the ownership interest. The new board has a smaller tighter membership and its members have been chosen as personal experts, rather than representatives, against a skills mix template for the Board. The resulting higher proportion of non executives (3 out of 7 members) has enabled greater non executive challenge.

The corporate customer interest in the RPA has similarly been placed with the SRO for the 'Farming for the Future' Programme. Again in line with new practice to introduce greater clarity in the management of ownership, customer and stakeholder interests for all our executive agencies. The RPA Oversight Group has been established as a temporary body to give Defra oversight of the Agency's performance on SPS delivery (and its broader portfolio) as it recovers from the crisis of SPS 2005. A new joint policy-delivery Division has also been established, reporting jointly to a Director in Defra and the Chief Operating Mrs Madeleine Moon

Officer in RPA, bringing together key officials responsible for the complete policy to delivery chain.

A more substantial update on the SPS was included in the Department's 2007 Annual Report published in May 2007 and further analysis will be incorporated into the RPA's Annual Report and Accounts for 2006–07.

**10. The RPA did not adequately take into account the effects of losing a large number of experienced people. Lord Whitty should have acted at the time to prevent the departure of so many such staff.**

Staffing levels in the RPA were primarily an issue for the Agency and its Chief Executive. The former Defra Permanent Secretary did however make clear to the RPA that delivery success was of paramount importance and that if the Agency was failing to meet the SPS delivery as a result of its efficiency targets then the issue should be elevated to him. At no point was this done.

Once the negative impacts of the staff efficiencies did become clear, the second wave of exits was cancelled. In addition, a number of staff yet to leave under the first wave were asked to delay their departures.

The RPA currently has a headcount of 4,500 of which approximately 50% work directly on SPS with the remainder dealing with the Agency's other work. As part of the RPA's Recovery Campaign, the Agency is introducing a systematic manpower planning system which will provide a sound basis for future planning and the stabilising of permanent recruitment and promotion needs. In the meantime the Agency has made changes to convert long-serving Agency staff to fixed term appointment and plans to regularise the position of managers on temporary promotion.

**11. The Office of Government Commerce should review its procedures and warning assessment systems which allowed a project to reach a rating of probability of success of only 40% seemingly without effective preventative action being taken.**

Varying assessments of the probability of success were made at different stages of the programme. The key point was that action was taken at each stage to improve that probability.

Mindful of the NAO report on 'The Delays in Administering the 2005 Single Payment Scheme in England', the recent OGC Gateway Refresh exercise has updated the Gateway workbooks to improve the focus on assessing the softer skills present in projects. For example, areas to be probed by review teams include determining stakeholder support for the delivery approach and mechanisms, and the adequacy of skills and experience of the Project Team including risk management. Evidence expected includes: documentation that the project decision-making process is inclusive of all the relevant stakeholders and that their views are recorded; and that the results of stakeholder consultations are documented and acted upon. Reviewers should also ensure that the project resource plan properly identifies all the project skills and experience required to deliver each stage, and that measures are in place to determine whether these skills are available internally, or whether external skills should be acquired.

OGC has also sought to address the situation where an SRO uses the Gateway process as the primary source of assurance. The updated Gateway workbooks remind users that its purpose is to provide a quick snapshot view of progress at a particular point in time. It positions Gateway clearly as a source of external assurance which is complementary to, but not a replacement for, a public sector body's internal review, health checks and audits of its activities, including projects and programmes. In particular, departments are reminded that an OGC Gateway review does not replace the need for a full audit opinion on the effectiveness of risk management control and governance in the audited area.

**12. Given the high importance of successful implementation of the SPS scheme, to the reputation of the Department and the RPA let alone to the claimants, we find it extraordinary that Defra seemed prepared merely to aim to keep the probability of success above 50% just eight months before payments were due to begin.**

**15. We welcome the RPA's live test of 2006 scheme year payments in January 2007. Defra should have demanded that such a test take place in the 2005 scheme year before it went ahead with the attempt to pay all claims.**

Throughout this programme, the Government's aim was to make payments in line with ministerial commitments. Formal risk management processes used by the RPA were based on a standard best practice approach and were supplemented by additional internal risk identification and reporting mechanisms. Quality assurance was sought from a wide range of external experts, including through appointment of a non-executive director to the CAPRI Board, and participation in a full OGC Gateway Review process.

These formal processes were used to define the programme's structure and to track its implementation, with frequent consideration and balancing of system and policy development priorities.

The Government does, however, recognise that risk identification and management was largely focused on adherence to the delivery timetable; once operational problems began to occur risk mitigation was therefore largely taken in order to reduce threats to this timetable as they occurred, rather than to identify and avoid potential higher level delivery issues including the descoping of end-to-end testing. The Government welcomes the Committee's support for the live end-to-end testing carried out for the 2006 Scheme.

A key focus for the RPA now is to improve the information available to manage its business. This includes risk identification and management of risk. The Agency is developing a new Management Information Strategy which will develop existing processes and will also seek to establish a robust performance management culture with the aim that business will, in short time, have a more informed understanding of progress against performance targets.

**16. We seriously question the decision to spend more than half a million pounds in fees to private consultants as part of the Hunter Review of the single payment scheme. The Department must publish an explanation about why use of such a sum was thought necessary and where the resources to fund the review have been found at a time when Defra has been cutting the budget of a number of its agencies.**

Whilst this work was formally commissioned as part of the Hunter review, and was reported to the Committee in those terms, in practice the consultancy's work also fed into RPA's short term action plan. The Government was conscious of the importance in taking action quickly so that a basis for making early progress was achieved. Corven Consulting was therefore commissioned to undertake a rapid organisational Capability Review of RPA. The main focus of Corven Consulting was to:

- review Mark Addison's 2005 scheme payments plan to ensure maximum traction and release money into the industry quickly, to identify scope for improvements and quick wins;
- review plans and issues in respect of SPS 2006 and make recommendations;
- review RPA budgets and cost base to establish resourcing requirements etc.
- deliver an organisational capability assessment to set the baseline and ability to deliver
- facilitate early definition of scenarios for RPA's future role and produce a gap analysis of current capability against these scenarios (to feed into later work by the Hunter Review)
- make recommendations in respect of operational business improvements, tactical delivery plans and evaluated strategic options for RPA's organisational development.

The output of this review started to rebuild Defra's relationship with RPA. The new arrangements put in place for Defra governance and oversight of RPA are also based on the work of Corven Consulting. The cost of the work came from within existing budgets.

**17. The Committee requests that the Secretary of State continues to keep the House fully informed of progress with payments and important operational developments.**

The Government will keep the House informed on progress with the SPS. Since the significant problems with the SPS came to light in March 2006, the Government has made nine statements to the House as well as providing regular updates in answers to Parliamentary Questions and via the Defra and RPA websites. The Government's last statement on the SPS was on 2 July 2007.

**18. Although the move away from the task-based system is welcome, we remain concerned that the RPA is still using an IT system that was designed for a task-based system and has been difficult and unreliable in service. We require the Department and the RPA now to cost and publish details of the further IT changes which will now have to be made to overcome current problems and speed up the SPS payments process.**

The Department accepts that the RPA's RITA system was built to support a task-based approach and that elements of the system were removed in favour of delivering to time and meeting the core needs of SPS. The RPA has a planned programme of enhancements which will improve the processing of claims and the underlying architecture of the RITA system. The first changes to RITA to support whole case working will be made in 2007

with full benefits in 2008 and subsequent years. Other changes include a management information system, test environments, improvements to the Rural Land Register, support within RITA for a simpler SPS claim and the automation of a number of activities. The activities to be automated include calculation of the extra subsidies farmers receive as a result of reform of the EU Sugar regime and the transfers of entitlements.

The RPA's programme of IT releases is planned for January, March and October in 2007, 2008 and 2009. This projected expenditure is set out in the following table (figures are in £000s):-

Release date	2007/2008		2008/09			2009/10	Total
	Jan-08	Mar-08	Oct-08	Jan-09	Mar-09	Oct-09	
<b>Business process Re-engineering</b>	986	6732	3300	2700	300	0	<b>14018</b>
<b>Technology</b>	582	6136	3290	60	1200	2400	<b>13668</b>
<b>Services including release management and live support</b>	2701	2748	4880	3382	1394	5300	<b>20406</b>
<b>RLR mastermap update</b>		-	-	1900	-	-	<b>1900</b>
<b>Contingency</b>	-	-	-	-	-	-	<b>5722</b>
<b>Total programme costs</b>	<b>4270</b>	<b>15616</b>	<b>11471</b>	<b>8042</b>	<b>2894</b>	<b>7700</b>	<b>55714</b>

19. Johnston McNeill was Chief Executive and Accounting Officer of the independently accountable delivery body that failed so clearly to deliver, and which failed to foresee in time the fact that it would not deliver. As such he is accountable for, and must bear responsibility for, the failings of the RPA. If he felt that he was being asked to carry out a task that he would not be able to defend on value for money grounds to the PAC, he should have sought a formal written instruction in accordance with the Treasury's rules on Government Accounting.

20. But Mr McNeill was not personally and solely responsible for the failure to pay farmers. The Agency failed largely because Defra asked it to do too much in too short a time and did not pay enough heed to the Agency's warnings about the risks of what was being proposed. The governance arrangements stipulated that Johnston McNeill should share senior responsible ownership with Andy Lebrecht, and all the crucial decisions and recommendations to ministers on implementation were made jointly with Defra by committee through CAPRI or the ERG. We conclude that it is unfair for McNeill to be the only person to be held accountable when he was not given the sole responsibility for delivery.

21. If a failure to deliver on such a scale had occurred in a major plc, the chairman and the senior operating executives would have faced dismissal from post. With this in mind the Committee continues to be astonished that Sir Brian Bender continues to hold the rank of Permanent Secretary. If he does not tender his resignation the Head of the Home Civil Service should explain why a failure such as this results in no penalty.

22. His long standing knowledge of the importance of timely payments to farmers and his full involvement in the SPS project from its inception mean that he should now consider his position. If he chooses to stay, the Department in its response to this report should explain to us in straightforward language why being so closely associated with the waste of large sums of Government and farmers' money and the widespread disruption of England's rural economy should result in no personal penalty being paid.

23. It will seem strange to many in the rural economy that right at the top of Defra no price for failure has been paid by the now Foreign Secretary. Leaving others to get on with the day to day delivery of services should not remove the obligation from the holders of high office to do more than just apologise and mouth the words "I am taking responsibility". It should be the case that when a Department fails to deliver a key programme right at the heart of its fundamental responsibilities the holder of the office of Secretary of State should not be rewarded with promotion but its reverse. New ministerial guidelines should now be drawn up to make it even clearer that if individuals are prepared to accept the glories that come with high office they also know precisely what to do if fundamental Departmental failure occurs.)

The Government has already acknowledged with regret the significant difficulties experienced with the delivery of the new SPS and the impact that this has had on individual English farmers and the wider farming community. Defra considered questions of responsibility and took strong action in the light of the failings as recorded in the introduction to this response. Officials past and present also gave a full account of the Department's actions to the Select Committee. When the report was published, the Prime Minister and Sir Gus O'Donnell made it clear that Sir Brian Bender continues to enjoy their full confidence.

Successive Governments have taken the clear view that discipline and employment matters are matters of confidence and trust, and Select Committees have agreed that it is not their task to act as disciplinary tribunals<sup>1</sup>. The Government therefore strongly regrets that the Select Committee have chosen to make criticisms of named civil servants in the way that they have done in these conclusions.

The accountability and responsibility of Ministers is set out clearly in the Ministerial Code. The Government does not believe there is a need for any further guidance.

Department for Environment, Food and Rural Affairs

July 2007

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<sup>1</sup> *Departmental Evidence and Response to Select Committees [also known as the Osmotherly Rules]*, Cabinet Office, July 2005. [http://www.cabinetoffice.gov.uk/propriety\\_and\\_ethics/documents/osmotherly\\_rules.pdf](http://www.cabinetoffice.gov.uk/propriety_and_ethics/documents/osmotherly_rules.pdf)

## Formal minutes

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**Wednesday 18 July 2007**

Members present:

Mr Michael Jack, in the Chair

Mr David Drew

Mr James Gray

Dr Lynne Jones

Mrs Madeleine Moon

Mr Dan Rogerson

Sir Peter Soulsby

Mr Roger Williams

Draft Report [*The Rural Payments Agency and the implementation of the Single Payment Scheme: Government Response to the Committee's Third Report of Session 2006–07*], proposed by the Chairman, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 3 read and agreed to.

*Resolved*, That the Report be the Third Special Report of the Committee to the House.

*Ordered*, That the Chairman do make the Special Report to the House.

*Ordered*, That the Government response to the Third Report from the Committee be appended to the Special Report.

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[Adjourned till Monday 23 July at half-past Four o'clock.]