Performance of the Rural Payments Agency: Government Response to the Committee’s Fifth Report

Eleventh Special Report of Session 2017–19

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The Environment, Food and Rural Affairs Committee

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The current staff of the Committee are Eliot Barrass (Clerk), Sian Woodward (Clerk), Daniel Schlappa (Second Clerk), Xameerah Malik (Senior Committee Specialist), Andy French (Committee Specialist), Anwen Rees (Committee Specialist), James Hockaday (Senior Committee Assistant), Ian Blair (Committee Assistant) and Annabel Russell (Committee Assistant).

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Eleventh Special Report

The Environment, Food and Rural Affairs Committee published its Fifth Report of Session 2017–19, *Performance of the Rural Payments Agency* [HC 887] on 15 May 2018. The Government response was received on 13 July 2018 and is appended to this report.

Government Response

**Introduction**

The Government is grateful to the Environment Food and Rural Affairs Committee for their report on the Performance of the Rural Payments Agency (RPA). The Department for Environment Food & Rural Affairs (Defra) and the RPA understand the importance of Basic Payment Scheme (BPS) payments to the farming community and acknowledges the difficulties caused by the latest incarnation of the CAP.

The Government also acknowledges that some elements of RPA delivery are not meeting expectations. The RPA recognises that its overall customer service, including its communications to customers, needs to be improved and it has a series of measures being developed which are focused on delivering a better customer experience. For example, the introduction of specific contacts who are able to provide customers with updates on their progress of their claims.

While the Government always strives for improvements in the performance of its Departments and Executive Agencies, it does not agree that the RPA is failing on multiple levels. The RPA’s focus has always been on ensuring that payments were made accurately and as promptly as possible, within the regulatory payment window, while meeting the often burdensome requirements of EU Regulations. However the complexity of these EU administrative and mapping requirements in the latest round of CAP reform has made this task harder and the Government does not believe this reality has been sufficiently recognised in the Committee’s report.

In particular, meeting the standards required by the EU has resulted in the RPA being required to re-map over 2.2m parcels of land over the past year, while managing the EU Commission’s requirements to map additional often minor landscape features in the new scheme. The introduction of measures, such as the three-crop rule and Environmental Focus Areas; has increased the complexity of inspections; and resulted in longer processing times. Legal challenges have forced new and more complex arrangements for dealing with common land. The combined weight of these changes has added a massive burden to the Agency’s workload and has impacted the performance and customer service that the RPA usually delivers.

Since 2015 the RPA has stabilised elements of its performance, such as its payment performance on BPS, with over 90% of eligible farmers receiving their payments by the end of December for 2016 and 2017. In addition the RPA paid the broadest range of its customers in December 2017.
The RPA has continued to deliver a strong performance in the other schemes it administers such as the British Cattle Movement Service and the Rural Development Programme for England Socio-Economic Schemes.

Leaving the EU provides an opportunity for the Government to reform both the nature and delivery of the support it provides. As Government continues to shape the new domestic agricultural policy, Defra will work with the food and farming industry, as well as environmental experts, to change the way Government invests in the countryside and better supports farmers to protect wildlife, enhance the environment and improve land use.

1. **We expect the RPA to revise internal processes and set more stretching targets to improve performance for the 2018 BPS.** This must involve the development of a clear strategy outlining how the number of farmers paid between the end of December and the end of March will be increased. The RPA should aim to make 98 percent of payments by the end of March each year. The RPA should also thoroughly investigate any complaints of payment inaccuracies and rectify these as quickly as possible. (Paragraph 13)

The RPA has already indicated that their focus will remain on delivering as many payments as early as possible in the payment window and for those who don’t receive a payment by the end of March to issue a Bridging Payment in early April.

All claims are required to undergo various validation and verification checks and for some claims, for a variety of reasons, this requires additional and/or complex processing.

Payments in December for BPS 2017 were made to the broadest customer range since the introduction of the current scheme in 2015. The RPA paid 91% of eligible farmers by the end of December 2017 and around 96% by the end of March 2018.

The RPA is committed to reducing the length of time it takes to complete validation and verification checks through process improvements learning lessons from BPS 2017. For example while much of the mapping work required to comply with EU regulations was completed in 2017, further work on the mapping undertaken prior to the opening of the BPS 2018 application window will support the timely resolution of validation and verification of 2018 claims. The RPA has a plan in place which is focused on issuing customers with their payments as promptly as possible from the opening of the payment window.

The Committee report acknowledges the improvements made in addressing the complaints received but the RPA recognises that there is more to do to reduce the time taken to an appropriate level.

The RPA also continues to make significant progress to stabilise the customer query position with a further 2,000 cases resolved since April. It continues to work through a planned programme to fully investigate all current payment queries along with any new queries it receives.
2. **We recommend that the RPA develop a system enabling farmers to make direct changes to the online mapping register.** (Paragraph 16)

The Government has previously considered enabling farmers to make direct changes to their online maps and implemented such an option in BPS 2015 which resulted in the introduction of the paper based application form when the Rural Payments service didn’t work as expected.

Given the lessons learned; investment required; the time to deliver the benefits of this approach; and the fact that the current CAP schemes only have a short lifespan left (with future mapping requirements being shaped within the Government’s ongoing development of the new domestic agricultural policy) it was decided on value for money grounds to retain the established paper approach for making mapping changes.

It should be noted that the ability for farmers, landowners and agents to have the option to transfer entitlements and land online was introduced during the BPS 2016 application window and this has been well received.

3. **The RPA must work to resolve all mapping queries as quickly as possible to ensure these do not affect 2018 BPS payments. We recommend that the RPA publish key performance indicators for mapping accuracy and resolution times for mapping errors by October 2018. We will hold the RPA to account for its performance in 2018–19.** (Paragraph 19)

As BPS and some Agri Environment Schemes are payable on the area and use of the land the RPA are required by the EU to maintain current and accurate mapping data to check that the use of the land satisfies the relevant eligibility criteria of the scheme(s) and that the area is correct.

The RPA's mapping systems have been criticised by EU audit bodies. This has led to significant financial corrections (known as “disallowance”) being applied because the EU considered the RPA's controls were not fully effective due to deficiencies in the mapping data.

In response to a request made by the EU to improve mapping data, the RPA invested significantly in the acquisition of intelligence and system enhancements with a view to ensuring that mapping data was no more than three years old.

The RPA uses a combination of updates from Ordnance Survey, aerial photography and physical inspections. If the RPA had not taken this action the disallowance risk would have increased considerably, up to £100 million per annum in the first year and doubling in the second, under the guidance used by the Commission for BPS in England. As a result of this, we had no option but to undertake such a large scale mapping exercise in 2017.

Given the implementation challenges in the early years of the scheme the RPA made the decision to defer the work to update the mapping but ultimately ensured that the commitment given to the Commission to achieve three year currency in time for BPS 2017 payments was respected.
Mindful of the impact such a level of change would have on customers the RPA worked with industry stakeholders, during 2017, to introduce a range of measures, including new and improved guidance, which were specifically designed to help resolve any mapping queries whilst also protecting the UK taxpayer from the risk of disallowance.

By the end of 2017 the RPA had checked over 2.2m land parcels and in 2018 checked a further 181k land parcels in advance of the BPS 2018 payment window opening so that farmers could see the changes when completing their BPS application. Following the mapping update in 2017, the RPA will only need to check around 200k land parcels in 2019. Requests from claimants for mapping changes are considered to be part of the annual processing cycle.

RPA will not publish key performance indicators for mapping queries and associated resolution times. It met all of its performance targets over the last two years and has undertaken to stabilise the customer queries position in advance of the BPS 2018 payments. For 2018 the RPA also plans to introduce a number of customer improvements on mapping, based on customer and stakeholder feedback, such as improved customer communications, changes to our mapping guidelines and clearer customer guidance on mapping.

4. **We welcome the appointment of a new Director to oversee and improve customer service, and urge the RPA to publish detailed customer satisfaction statistics to track progress and accountability. We call on the Agency to set out a clear strategy detailing how improvements to communications and customer service will be implemented. This should involve changes to the helpline system so that a single point of contact is available. This would provide farmers with some much-needed continuity in the process. We expect a progress report when we next take evidence from the Agency.**

(Paragraph 26)

The Government is committed to improving RPA’s customer service and they are putting in place a range of measures to support this.

The RPA uses a broad range of insight, engagement and research activities (including direct and customer feedback) to help them assess and monitor the overall customer experience and identify areas of improvement.

The RPA is committed to improving the overall customer experience, including complaints and correspondence handling, and is introducing a number of changes across 2018 and 2019 working with industry organisations and associations. For example the RPA has introduced specific contacts who will update customers on progress; the introduction of resolution teams to respond to specific difficulties as they arise; and more informative timely communication to those still waiting on their payment.

The RPA has regularly kept the committee informed of progress on BPS and will continue to do so.
5. The RPA should publish an ambitious set of key performance indicators for delivering these new schemes. These should include targets for increased uptake, processing times, and customer satisfaction ratings. (Paragraph 31)

Administration of all land management schemes and payments by the RPA provides a greater opportunity for a more joined-up service for staff and customers based on its considerable experience. While this had previously been considered the administration of Countryside Stewardship (CS) and Environmental Stewardship (ES) will move to the RPA in the autumn of 2018.

However all parts of Defra are working closely to implement a range of measures that will improve customer uptake, processing times and payment performance of these new schemes.

The RPA will consider appropriate performance measures for CS and ES in due course.

6. Defra must ensure that the RPA has sufficient resources and expertise to carry out these operations as effectively as possible. The Department should inform us in response to this Report what additional resources will be made available. (Paragraph 32)

Defra will ensure that the RPA has the appropriate amount of resource to manage the delivery of its services across the various schemes it administers while prudently managing its finances.

For CS and ES work, people and funding will be transferred from Natural England to the RPA.

7. It is crucial that Defra fully involves the RPA in Brexit transition discussions to ensure that operational practicalities are properly reflected in policy development. Defra must be clear about the RPA’s capacity to deliver, and ensure that preparations for providing timely subsidy payments post-Brexit are made a priority during the agricultural transition period. (Paragraph 38)

The Government recognises the importance of the RPA’s experience in the administration of subsidy schemes. The RPA is involved in key discussions in shaping future farming policy and the maintenance of existing schemes.

In addition Defra has embedded a number of RPA staff into the policy and planning teams so that the future farming policy can directly benefit from their experiences and knowledge.