



Environment, Food and Rural Affairs Committee

Oral evidence: CAP payments to farmers, HC 1143 Wednesday 25 March 2015

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Members present: Miss Anne McIntosh (Chair); Richard Drax; Mrs Mary Glendon; Mrs Emma Lewell-Buck; Sheryll Murray; Neil Parish; Ms Margaret Ritchie; and Mr Mark Spencer.

Questions 1-87

Witnesses: **Rt Hon. Elizabeth Truss**, Secretary of State, Department for Environment, Food and Rural Affairs, and **Mark Grimshaw**, Chief Executive, Rural Payments Agency, gave evidence.

Chair: Good afternoon. May I welcome both of you here this afternoon? For the record, Secretary of State, could you say who you are and what your and Mr Grimshaw's positions are?

Elizabeth Truss: I am the Secretary of State for Environment, Food and Rural Affairs, and this is Mark Grimshaw, who is the chief executive of the Rural Payments Agency.

Q1 Chair: Thank you very much for agreeing to be with us at very short notice. Obviously, in the farming community there is great concern about where we are, so this is a very useful opportunity, on the eve of Dissolution, to go through the issues. Thank you for alerting me, and through me the Committee, to the decision that was taken. We will discuss the decision in more detail later, but first, may I ask both of you, starting with you, Secretary of State, when you first realised the severity and scale of the problem?

Elizabeth Truss: First, thank you for having us in front of the Committee. It is good to have an opportunity to set out the full history and where we have got to. It might be worth my running through the broader timetable to explain how we got to where we got to, and to give a bit of context.

The programme was first commissioned in July 2011. The preferred delivery option was decided in January 2013, so essentially the key decisions about the delivery options and the contract signings took place in January 2013. The issue with the programme has always been that it is an EU programme and the decision making coming from the EU has

been very late in the process. Right until February, we were receiving specific decisions, and it has been a very complicated CAP. That is the background to the set-up.

Since becoming Secretary of State, I have taken a close interest in the progress of the programme. The programme was designed on a step-by-step basis, building the components. First, we made sure the core system was operational and worked; then, we built on the various elements. I am sure you will all remember from the autumn that we built on the registration element, and at first there were issues with the Verify programme, but we fixed it by creating a new registration process that worked. We have now got 85% of farmers registered on the system. There has been a gradual building up of components. Where there have been issues with the components, we have worked on them and fixed them. That has been the approach the programme has taken.

We have needed to take that approach because we did not get all the information from the EU in the first place. To reduce the risk, it has been about building up the programme in elements. The specific element that is of relevance to last week is how farmers communicate changes in their maps to the core system. The core system and the maps are working; that was all transferred over from the previous SPS system. The thing that has not worked as well as we would have liked is farmers' ability to put features on that register on to the core system.

The idea was that we were building online access to the core system that would be user-friendly. You will recall that when I last appeared in front of the Committee to talk about a variety of issues, I said that it was not running as well as we would have liked. There were issues identified with it. Fundamentally, it did not have the capacity to take very many users at the same time. We were concerned about that, because, obviously, if only a few people could get through the system, how were we going to get all the people through the system who we needed to get through to hit the May deadline?

At that time, we knew it was functional, but very, very slow. Perhaps Mark will say a bit more about this. We worked with the team and they said there was a way of sorting this out to create the additional capacity so that it could be more widely used. In work that took place during, I think, the weekend of 14 and 15 March, that fix was put on the system, but it did not have the desired effect—in fact, it is fair to say it had the opposite effect, and the system did not work.

We all met on the following Monday morning. At that point, Mark said to me, “Unless we look at an alternative—on this specific aspect of the programme, not the whole programme; we already have the functional system that’s working and RPA staff are able to put things on that functional system—to deal with this specific issue about how farmers can make changes on their maps in a different way, I am concerned we will not hit the deadline. I, Mark Grimshaw, have a plan of how to do that in an alternative way.” So that was the course of events.

Q2 Chair: If we can pause there, I will turn to Mr Grimshaw now. That is very helpful. Mr Grimshaw, you told us on at least one occasion that the IT system was tried and tested in several member states and that you had absolutely—I am now putting words into your mouth—no doubt that the system would be fit for purpose here. The Committee has a problem with where we are today. Were they not loading maps on to their systems in other

member states? What were we doing differently on this tried and tested system that was not working here, and now appears not to have worked in other member states as well?

Mark Grimshaw: As the Secretary of State has pointed out, the core system is up and running perfectly well. One of the challenges that we faced was the creation of a user-friendly, intuitive web front end so that farmers and landowners could actually access the registration element, which again is working perfectly—the Secretary of State has already referenced the 80%, or 70,000-odd, that have already registered. The challenge has always been to create the facility for customers to be able to update their maps in a live environment, and that is not something that particularly happens in other countries. We have been working closely with stakeholders and with organisations within Defra to make sure that we could actually get that working.

You will recall that on a number of visits that I have made to this Select Committee, members of the Committee have commented on how slow the service has been. Again, as the Secretary of State pointed out, on the weekend of 14 and 15 March there was a significant software upgrade due to go in that was going to improve the speed of the mapping capability. It did not deliver as we had expected it to, and to ensure that farmers and landowners could make accurate submissions by the deadline, which at the time was 15 May, we took the decision to pause activity on that particular part of the service and go to the tried and trusted process of paper applications, to make sure that we could get all of the updates on time.

Q3 Chair: On what date did you approach Commissioner Hogan?

Elizabeth Truss: I did not approach the Commissioner.

Chair: So when did you actually—

Elizabeth Truss: The Commissioner proposed the—

Q4 Chair: The Commissioner would not, out of the blue, just swoop down from the sky and say, “Everything is going so well, so I will give you another month.” You must have said something and other member states must have said something to Commissioner Hogan to indicate that we had severe problems in this area.

Elizabeth Truss: I do not know what conversations Commissioner Hogan has had with other member states. At the Agriculture Council, where Minister Eustice was present, we spoke out in support of a delay in the deadline. I think a lot of European countries are finding it to be an issue. The new common agricultural policy is incredibly complicated, with issues like the three-crop rule. When I was approached by Commissioner Hogan, I said that a relaxation in the date would of course be a good thing, but it was something that he suggested to us.

Q5 Chair: I find it slightly incredible that even though you knew there were problems and that we had indicated to you that there were problems, you had not suggested to Commissioner Hogan that all in the land was not hunky-dory.

Elizabeth Truss: That follows on from what Mark has just been saying. Since I started this job in July-August last year, we have had confidence that the core system was functional and that RPA staff were capable of inputting the data on to the maps that we—

Chair: I think the Committee is following that this is about the entry of the maps. My next question is—

Elizabeth Truss: Sorry, but I think it is important to say that we have always understood that, with the core functionality working, we would be able to deliver for the 15 May deadline. Under our new plan, we would still be able to deliver for the 15 May deadline. Of course the additional month is helpful in giving farmers flexibility, which is why we spoke out in favour of it at the European Council, but Mark's plan, which we developed before the extension was given, is predicated on the 15 May deadline. When the software upgrade that Mark alluded to did not work, that was when Mark came to me and said, "Now is the time when we need to make sure that we find another way of delivering this particular element."

We have always been aware of the 15 May deadline and have always been confident that we will deliver, by hook or by crook. That has been my priority. There was never a question that we would not be able to deliver to that deadline. The best option would have been to be able to have all farmers able to map those details online, which would have saved a lot of time and energy, but given that it was not working as fast as we wanted, we had to switch to an alternative way of getting the data on the system.

An important fact that has not been widely shared is that the core system is working. All the maps that were on the SPS system have been fully transferred. The situation we had in 2005, when the maps simply were not there and were not working, is different from the current situation. There are 39,000 farmers who have permanent pasture and do not need to make any changes who will be able just to verify what is on the system at the moment. It is important to note that we are changing from a system where farmers are inputting that data through the front end online to one where the RPA are inputting data directly into the system and farmers are advising them, either in the data centres or through a paper submission.

Q6 Chair: Mr Grimshaw, what is the position for those farmers in England who have input the data and the mapping or who have submitted a claim online? Are they absolutely guaranteed that the data is entered and that their claim will be processed under that system?

Mark Grimshaw: All the data that has been entered into the online service so far is safe and will be used by the RPA as part of the processing activity to confirm eligibility on claims, so everything that is in there is perfectly safe.

Q7 Sheryll Murray: I have a little knowledge, not in farming but in the marine environment, of mapping, inputting data on to maps, using digital imaging. Have you looked at whether this issue is affecting people with slower broadband connections? I would have thought this sort of system relies on a certain broadband speed. Knowing about the not spots and the slow speeds in rural areas, where farmers predominate, could you not perhaps have looked at that when you were implementing the system?

Elizabeth Truss: You make a very fair point. The primary reason that we have found this alternative is that the system was not working quickly enough, so we did not have confidence that, using that approach, we would be able to get everybody through by the deadline. That is why we switched the approach, when the system upgrade did not work. However, you are absolutely correct that this approach now enables us to make sure that those in areas that do not have access to broadband are able to deal with the system. As I have said, 89% have registered online, which is an improvement on last year, when 70% registered online.

I want us, now that we have developed this solution, to work with farmers and farming organisations to make sure that future solutions are customer friendly for people who do not have access to broadband or where that is an issue. We can learn from that.

Q8 Sheryll Murray: Will you prioritise the introduction of the roll-out to broadband using other systems such as satellite connections to those farmers who need to use this sort of connection? Will your Department prioritise those areas?

Elizabeth Truss: That is a responsibility of DCMS, so I am working with Sajid Javid. We are looking at subsidised satellite solutions at the moment, for those difficult-to-reach areas. I am saying—maybe Mark wants to comment on this—that we want to take a very customer-focused approach, so we will be looking at how this works this time and adapting it. We are not going to be dogmatic about saying absolutely everybody has to do it in a particular way. We are going to work with what is available in the local area.

Mark Grimshaw: The Secretary of State is absolutely right. You will recall that the last time I came here we talked about the subject of our support centres, of which there are now 50 around the country—in your neck of the woods, in Truro, Bodmin and Launceston—so we have increased the number of locations. No farmer should be more than 30 miles from a support centre. The support centres were always designed to help people to engage digitally, and since we last met we have also invested in 10 mobile support centres, so we can take the service to the customer. We are working with stakeholders to plan full utilisation of said units.

Q9 Mrs Lewell-Buck: What is the total cost to date of the IT involved in this?

Elizabeth Truss: The total cost of the programme—the total programme budget—is £154 million. That is over 10 years. So far, we have the outturn for the first year, which is £33 million for the 2013-14 budget. We do not yet have the audited figures for this year. Clearly, we are going to need to put more human resources in, because what we need is trained RPA staff putting the data directly on the system, so we are making sure that Mark has all the resources he needs to be able to do that. That will obviously incur an extra cost. At the moment, we do not have the figures for that and will not until the accounts have been audited.

Q10 Chair: We are going to come on to that, if we may, and in some detail, so may I ask you to hold your fire?

To follow up Mrs Murray's point, and as was raised in the House yesterday—this is to you, Mr Grimshaw, because you were not available yesterday—was it a mistake to launch a digital-only exercise when the very places where the farmers are based do not have access even to stable, good broadband connections?

Mark Grimshaw: The overall approach was to try to ensure that we could get as many customers as possible to engage with us digitally. One lesson we have learned, which the Secretary of State has referenced, is that there are certain areas in the country where we need to put some additional resources. It is important to recognise that nothing has been scrapped. We have simply postponed development of the mapping element of the web portal, so that we can pause and reflect. More importantly, we have created an environment in which any customer who wants to make an application by the new deadline of 15 June will be in a position to do that. My understanding is that that has taken a considerable amount of stress and pressure out of the farming system.

Q11 Chair: Can you give the Committee a guarantee that farmers will not lose out and that their claims will be processed in time, without a delay, Secretary of State?

Elizabeth Truss: Yes—provided they are submitted on time, of course. The farmers have all the tools they need now to submit their claims and we have fully factored in—maybe Mark can talk through the plans in more detail—the fact that there might be more people in later weeks who want to use the digital centres.

Q12 Chair: So you think that the basic farm payments will be paid on time, even though it is a month later that they are being—

Elizabeth Truss: What I would say in terms of the month is that our delivery plan is predicated on 15 May. Clearly, farmers now have an extra month. I would encourage farmers to submit early, so that their claims can be fully checked. Contacting the helpline on 03000 200 301 is a good way of making sure that claims are accurate and verifiable.

Q13 Chair: Will those farmers who do not employ agents have access to the maps?

Mark Grimshaw: Yes, they will. We are in the process of sending out hard copy map packs to all our customers, with the exception of those who are considered to in be the straight through group, who simply need to confirm by e-mail that the information that we hold on them is correct. There are some 39,000-plus in that particular segment and they will be entered, by RPA people, straight on to the system. But by the end of the second week in April, every registered customer will have a map pack, or their agent will have the appropriate map pack.

Elizabeth Truss: Mark has just talked about the straightforward customers. I think it worth just mentioning that we have 39,000 who are unlikely to need to make changes, so they can go straight through. Some 18,000 farm businesses are being represented by agents, and we are working on specific solutions with agents. Then we have a further 29,000, who are the farmers who are likely to need to comply with the new greening legislation; they will be slightly more complicated cases. That gives you a rough segmentation, but clearly the RPA

has a plan, once we have those 39,000 through the system, to make sure that we are focusing on every last person including those farmers who are not currently registered on the system. Clearly, with those who are already registered—the 89%—we are now in e-mail contact, so we can follow up if things have been filled in incorrectly.

Mark Grimshaw: Absolutely. One of the important things is that all farmers who have registered to date should ensure that we have the most up-to-date e-mail address for them, because that is how we will be contacting them with all of their information about the next step in the process.

Q14 Chair: Honestly, Mr Grimshaw, where do you think we will be this time next year—in 2016?

Mark Grimshaw: I think in 2016 we will have advanced our thinking in the online mapping engagement with customers. We will do some more user research to see whether it is something that we actually want to take out on a wholesale basis. We are also introducing to agent customers of ours the ability to go straight into the core system, so there is a much smaller requirement in terms of volume of customers for people who will have to engage with us to do their mapping online, should we decide to continue down that route.

Q15 Neil Parish: I don't blame you: even in the 21st century, we cannot seem to get a computer system that works beautifully. The Chair talked about 2016. One of the biggest problems when we had the previous changes, after the previous Government, was that once something was set in stone in the system, we never seemed to be able to change it. Farmers could not change it and the RPA would say, "Oh, it's the farmer's fault." What I really want is an assurance that, although it is not working perfectly, hopefully farmers will get it right, but if they don't get it right and there is a mistake made that is not the farmer's fault or was a genuine mistake, we will not go through the whole system again and say, "You farmers are wrong and the system's right," because it obviously is not. Where it is a genuine mistake, I think you need to recognise that. I would love that assurance, I really would, because I lived through the whole saga.

Elizabeth Truss: First, the new system that we are using is very accurate and does not allow miscalculations. All the land totals must add up. It might be worth Mark just giving an overview of the core system that we are talking about and that the RPA is operating off.

Mark Grimshaw: I am happy to. Over the course of the past 12 months, you will remember that we have talked about three different types of data. We talk about customer data, which is now mastered in the web portal. That is why everybody has to register through the web portal. We talk about entitlement data, which was pretty much at the heart of the problems in 2006-07. That is now mastered in the core system and has been for over two months. All of the mapping data that used to sit on the rural land register has been moved across to sit on the core system. So we are quite comfortable with the position as far as the master data is concerned.

The opportunity now for farmers and landowners to make their applications on paper means that we will have all the information we need from them to submit the application on their behalf. We will be doing the data entry using RPA people. By asking customers to

mark up their maps physically, which used to be called redlining, we will be able to put that into the service as well.

The Secretary of State has been very clear to me that we have to demonstrate a level of flexibility when we are doing the calculations and the eligibility work from 15 June through to the start of the payment window. To pick up on Madam Chair's comment, the payment window still runs from 1 December through to 28 June, and we would certainly expect our customers to be paid during that payment window.

Q16 Chair: But in the earlier part of the window?

Mark Grimshaw: We always endeavour to pay people as early as we possibly can.

Q17 Chair: Because you have achieved that, and I think there would be great disappointment both in the Committee and among the farming community if it slips back to June next year.

Mark Grimshaw: It has not been at June for some considerable time, but the window is through to 28 June. There are some interesting things happening in the EU around additional inspections, which of course will have an impact for customers who are inspected in November, but I am fairly sure that we can accommodate that.

Elizabeth Truss: I think there is another element of the system. We have obviously got all the mapping and entitlement data, but then there is the rules engine, which takes that—all the information about which crops are being put on particular land parcels, where hedges are and so on—and calculates the greening value. That is the bit of the system that is working, and that is why you need a system. You could not do that on paper, because it is transferring from a map through a set of rules, and we have things like particular coefficients on particular crops. There is quite a complicated rules engine that then delivers what the payment is. There is an internal check in the system to make sure that the total is right for each parcel of land and so on. It is important to recognise that that work has all been done. That data is accurate on that system, and that is why we are absolutely confident about the ability to deliver.

Q18 Richard Drax: I refer the Committee to my entry in the register of Members' interests.

Secretary of State and Mr Grimshaw, good afternoon. The EU—an institution that I adore—is very keen on fining anyone who makes a false move. Can you reassure us and all the farmers listening in to and watching this session that they will not be fined, nor will our country, if the new deadline is not met? I have regular meetings with farmers. They are crawling around, probably as we speak, with tape measures and all the rest of it, measuring hedgerows and everything else. The situation out there is very different from the calmness we are experiencing in here, and as far as realistic deadlines are concerned, I would predict that another month is not going to be long enough. I just do not think this is going to get done. So can you reassure us that we will not be punished for not meeting deadlines?

Elizabeth Truss: Let me reassure you. We do have a plan to deliver this by 15 May. Obviously, there has now been an extra month given by the commissioner. Of the total farms, 39,000 are straightforward cases that can pass straight through, so we and the RPA are going to focus our efforts on those 29,000 where there are—

Q19 Richard Drax: Secretary of State, sorry to interrupt, but can you reassure me that they will not be fined, and nor will our country be? That is the question I am asking you.

Elizabeth Truss: I share some of your concerns about the way the EU operates. There is an issue, which is that the auditors look at the rules that the Commission use and essentially make the decision about what the fines are. If the farmers do not comply with the rules, it is not within our decision-making power, unfortunately, to overrule that. What I would say is that we are working to make sure that farmers can claim as accurately as possible and that we have implemented the system in line with the CAP rules.

This has been part of the issue with the process, which is why I understand Commissioner Hogan has given an extension, because some of these rules were only coming through in February. The clarification of rules only came through in February, so of course tweaks had to keep being made to the system as those rules emerged, which is not the way that we would have liked to do things. We would like to have known a year ago, so that we would not have had to build the system in parts.

Richard Drax: Secretary of State, I hear you—

Elizabeth Truss: The fundamental answer is: no, we can't. Ultimately, the EU will audit us and, if they find that we are not in compliance with the rules, they can fine us, which is why we are going to such lengths to make sure that we have the programme in place that delivers accurate results.

Mark Grimshaw: Building on what the Secretary of State said, from a farmer's perspective, provided they have got a fully completed BP5, which is the paper application form, and a marked-up map and a declaration to us by midnight on 15 June, that will be considered a full application. We then have to make sure that we can load it on to the system in the intervening time between then and payments. Again, as the Secretary of State has referenced, we are not totally in control of the way that the auditors operate, because we can and do have fines imposed on us for activities that take place.

Q20 Richard Drax: I understand, Mr Grimshaw. All I am saying is that—I am sure the Committee would agree—we would hope you will be fighting for our farmers and for our country so that we do not, through no one's fault, end up with a situation in which hundreds or a few farmers are fined, and our country is fined, for trying to meet a deadline that is impossible to meet, not least for the lack of broadband or the many other issues that have reverberated around this subject. That is the point I am making.

Elizabeth Truss: There are two important points to make. First, we are confident we can hit the deadline. That is why we have implemented what we have implemented to hit that deadline. Secondly, I raised this issue specifically with Commissioner Hogan, and I have just sent him a letter that shows the simplifications we

want to see both on inspection and in terms of implementation. For example, I want us to be able to inspect on the basis of geotag photography, rather than having to visit farms and check the stubble in the ground. We want to simplify the process. We have been very clear about that.

Commissioner Hogan says that his No. 1 priority is to make this simpler so that there is less opportunity to be caught out. I am fighting first of all to get rid of the three-crop rule altogether, which I think is a rule that actively encourages farmers to produce crops that are not necessarily what people want to buy, and, as far as possible, to make the implementation much simpler so that there is less chance of people being caught out. When I have made these points to Commissioner Hogan, he has been sympathetic. He has already taken the pragmatic step of moving the deadline. He has made positive noises about simplification, and I will continue to press that case.

Q21 Richard Drax: I hope you will be working with the rest of our European colleagues to ensure that this is not just our voice talking about our problems.

Elizabeth Truss: We are working very closely with them.

Q22 Richard Drax: You told us on 11 March that the plan was to get everyone through the online system by 15 May. What happened in the following eight days that led to this U-turn on that online claim?

Elizabeth Truss: We still plan to get everybody through by 15 May. When I said that, we obviously did not have the verdict from the commissioner on the delay in the deadline, which changes things slightly, but—

Q23 Chair: Secretary of State, you just told us that you had not made an application to Commissioner Hogan.

Elizabeth Truss: That is correct.

Q24 Chair: So how would you have a verdict if you had not asked him?

Elizabeth Truss: What I am saying is that when I said that at the Committee, we were confident that we could achieve the 15 May deadline. I am now saying that, because the deadline has been extended, that is a different issue.

You were asking about the specifics of that time. At that point, registration was up and running and working, and lots of farmers were registering. We also had the functionality for farmers to be able to view their land, and that was also working. The issue was with farmers being able to put features on their land and with the connection between the online interface and the core system that we have just described. At that point, the feedback was that it was working, but it was very, very slow. What the team were saying was that that could be fixed with a new software upload to expand capacity so that more people could use it at the same time. We have been confident since—

Q25 Richard Drax: The software upload—when was that first mooted and how realistic was it?

Elizabeth Truss: There has been a whole series of software uploads, because this has been a gradual programme over time. On 12 September, for example, that was—

Q26 Richard Drax: I understand. Sorry, I have to interrupt, because time is precious and others want to ask questions. When was the latest software upload to solve the problem that we are discussing now first mooted and how long will it take? Why is not running now, for example?

Elizabeth Truss: The IT people were working on the software upload, which they were putting on the system on 14 and 15 March. That was the software upload that was meant to sort out the interface. Now, by the Monday morning, it had not worked. That was when Mark Grimshaw said to me, “Our No. 1 target is hitting the deadline.” We have always known that we can hit the deadline because we have always had the capability at the RPA and the system has been up and running, but he said, “Now is the time to get the RPA people to do that and to get farmers to submit their forms by paper.” That was on the Monday—

Q27 Richard Drax: So the RPA told you about this on the Monday?

Elizabeth Truss: The RPA told me that this thing had failed on the Monday.

Q28 Richard Drax: And that is when you first knew?

Elizabeth Truss: That the upload had failed, yes.

Q29 Chair: And that was Monday 16 March?

Elizabeth Truss: Monday 16 March. So Mark said to me and all the people who we were meeting, “The upload hasn’t worked. It is my view that in order to hit the 15 May deadline we are going to have to get farmers to apply on paper or in the case of the 39,000 farmers that have straightforward cases to passport them straight through the system. We cannot carry on trying to solve this online interface, because we will run out of time and will not hit the 15 May deadline.”

I said to Mark, “I think that that is the right approach, but I need to have confidence that it will deliver for the deadline.” So I said that I wanted the Major Projects Authority within Government to check over Mark’s plan to ensure that it worked and to ensure that all the elements and all available resources were there. During the course of that week—I think you did some pretty long hours, Mark—the team at the RPA worked on that. We got the MPA in to check that the timetable was sound. Once we had confirmation of that, which I think was on the Thursday—

Mark Grimshaw: The MPA came in on the Wednesday and we went to stakeholders on the Thursday.

Elizabeth Truss: We then checked it out with some of our key stakeholders and made the announcement as quickly as we could. We needed to ensure that the e-mails were ready to go to farmers and we had the confirmation that the forms would be available online the following Monday, because we did not want to leave a vacuum and have people wondering what they could do about the system.

Q30 Richard Drax: I will come to that in a minute, Secretary of State.

It had been widely reported in the press, and I was picking up on the ground, that the system was not working—that the actual mapping was not working. You were told on that Monday, by Mr Grimshaw, that the system was in dire trouble. What had you and Mr Grimshaw done between you to discuss this likelihood before that Monday, bearing in mind that it was out there, publicly, that there were problems?

Elizabeth Truss: We have regular meetings on this issue, which is a key priority, as you can imagine.

Q31 Richard Drax: So you had discussed this problem before that Monday?

Elizabeth Truss: We had discussed this problem before. That is when the IT solution was developed. The IT people explained that the reason that this was not working was because there was not sufficient capacity. They had a solution to deal with it. They needed to build that solution. This solution would go on, on the weekend of 14 and 15 March. When that did not work, that was the point at which Mark said, “Right, we need to do something different in order to hit the deadline.”

Look at the issue of registration. When the registration first came online, there were issues with Verify. Those issues were fixed by creating a new access system. Therefore, farmers were able to register. Throughout the process, there were always issues and teething problems with systems. Each problem has been fixed.

Q32 Richard Drax: Well, it hasn’t, but you have tried to fix it.

Elizabeth Truss: No, in this case it hasn’t. Who knows, if we had had more time, whether that problem could not have been fixed as well? But I was not prepared to take the risk, having had the advice from Mark that, in order to hit the 15 May deadline, we needed to use a different way of doing it and use RPA staff to input the data directly on the core system.

Q33 Richard Drax: Mr Grimshaw, you have been criticised for the speed of communicating to the farmers—for example, the delays in updating the RPA website information. What is your comment on that?

Mark Grimshaw: We spent pretty much most of last week ensuring that we could deliver the revised approach for farmers. Rather than going out with information that was not absolutely accurate, we wanted to ensure that when we put the information up on the website—the new forms that farmers could draw down—the guidance would be right for them.

We were talking to farmers, industry bodies and stakeholders to ensure that they were sharing with us the process that we were going to put up there. Clearly, we recognise that this particular issue with only one part of the web portal was causing a considerable amount of anguish in the farming community. The decision, quite rightly, was to take away that anguish and give farmers the route by which they could make accurate and timely applications by the then deadline of 15 May, which has subsequently moved on to 15 June.

Richard Drax: You told us in December that mapping—

Q34 Chair: Sorry, but before we move on, can I just ask a question? There was nothing on the website on 20 March to indicate to farmers that there had been a change. I think that you, Mr Grimshaw, and you, Secretary of State, had been meticulous in letting the press, myself and, through me, the Committee know. However, we have an e-mail from a farmer. Farmers were just staggered that there was still nothing, not even an e-mail to them, by 3.45 that day, yet you have just told the Committee that you had let the farmers know. When did you let the farmers know?

Mark Grimshaw: We put a press announcement out on the morning of Friday 19th. We also e-mailed every registered customer in the afternoon of that day as well. I think that the e-mails went out at 3 o'clock.

Q35 Chair: Well, there was nothing on the RPA website and this particular farmer has not had anything, so you might just like to check your records.

Mark Grimshaw: Happy to do that. I think that just goes back to reinforce the point that I made earlier that farmers must ensure that we have the most up-to-date e-mail address for them because all our communication to registered farmers now goes out by e-mail.

Q36 Chair: But it wasn't on your website, according to—

Mark Grimshaw: No, it wasn't, because we chose to do the press announcement and write specifically to everybody who had registered.

Q37 Chair: So you don't actually put a press statement on the website?

Mark Grimshaw: It would have been on the gov.uk website—the press statement.

Q38 Chair: Not on the RPA website, which is the one that farmers would naturally turn to?

Mark Grimshaw: We wrote to every single registered farmer.

Q39 Chair: But you did not load it up on to your RPA website?

Mark Grimshaw: I believe we did, actually. I will come back to you on that one.¹

Chair: Would you? That would be very helpful.

Q40 Sheryll Murray: If it were the case that it was not on your website, maybe that is something that you need to look at, Secretary of State, to ensure that all the farmers have as much information as possible.

Elizabeth Truss: Yes.

Q41 Richard Drax: Mr Grimshaw, I want to explore your role in this a little more. In December you quoted to us that mapping was “proving slightly more challenging than we thought”, but that you did not envisage “any problems with mapping”. We now know that you told the Secretary of State on Monday—in March—that the system was basically not fit for purpose. There was also all that news and information out there. You are head of the agency that is involved in this. Why did you not say anything more? Why did more alarm bells not ring in your head? Why was more not done before the final showdown on the Monday that you spoke to the Secretary of State?

Elizabeth Truss: It is worth distinguishing between the mapping that is in the core system, which was working by then, and the online interface. Those are two different things. One issue with previous communications is that we have not been clear about the distinction between the mapping, which had been successfully transferred, and the entitlements data that enabled us to create the necessary information to put through the rules engine to create payments, and then the specific issue of farmers being able to enter that data online. I think those are two different things.

Q42 Richard Drax: I think we are all clear. It is putting things on to the mapping that has been the problem. Was that not showing itself back in December in any way, shape or form? If it was not, what were you mentioning about things being more challenging? What exactly were you referring to if it was not putting stuff on?

Mark Grimshaw: As the Secretary of State said, the actual mapping data that we hold has been moved across to the core system, and that has been done very successfully.

¹ Clarification received from witness on 26 March 2015: Mr Grimshaw confirmed that the announcement was published on the RPA home page on www.gov.uk on Thursday 19 March at 18.00. He also confirmed that emails went to customers and agents on Friday 20 March between 13.50 and 16.50. However, not all customers were emailed – if they used an agent the agent would have been emailed and asked to let their clients know.

Q43 Richard Drax: So what was the challenge?

Mark Grimshaw: The challenge at the time was explaining to farmers how they had to map their individual features. Of course, we were experiencing some difficulty with actually opening up the service so that every farmer could try to map their features.

Q44 Richard Drax: When you say “opening up the service”, what does that mean?

Mark Grimshaw: Making it available to everybody who had registered. That brings us all the way back to the point that the Secretary of State made, which is that the difficulty we encountered was that we simply could not open up the service wide enough to let everybody who wanted to get on to it, get on to it and update their features.

Q45 Richard Drax: Right. So you knew that in December.

Mark Grimshaw: In December, we were rolling out the service, although at that point we did not have it fully sized. It became relatively clear to us probably during late January that we were experiencing some challenges around the sizing. We engaged with the technical people to look at various options. They put some changes in, and the main change, to which the Secretary of State referred, was the one due in March. That one did not do what we expected it to do. At that point we took what I still think is very much the most practical decision to allow farmers an alternative route to ensure that they could submit on time and accurately their applications for 2015 BPS.

Q46 Richard Drax: Just for the record, when did you make the decision to abandon this digital mapping system?

Mark Grimshaw: That is not my decision to make. My responsibility is to present to the Secretary of State and her colleagues. As the Secretary of State said, we discussed it on Monday last week. I was given the task of coming up with a revised approach, which we had done by the Wednesday. We talked that through with the Secretary of State, Mr Eustice and others. It was the Secretary of State’s ultimate decision, but advised by all the people around the table, that we should go with the alternative approach.

Q47 Richard Drax: When will the system be in place? Can you give us a date or a guarantee, or is that impossible?

Mark Grimshaw: The system—I think we need to get into better definitions—

Richard Drax: When can people put things on to their maps? When can they do that effectively without using paper?

Mark Grimshaw: They can’t. That work has been—

Q48 Richard Drax: That has gone?

Mark Grimshaw: No, it has been suspended.

Q49 Richard Drax: Exactly, so when will it be in place?

Mark Grimshaw: It may not be reinstated. We will take the opportunity to review our options after 15 June, once we have all the applications in. That is something that we will consider for 2016.

Elizabeth Truss: It is worth commenting that it is possible to input data directly on the core system we are talking about. That is something that we are looking at giving agents access to, for example. But to do that, you need specialist training. It is not straightforward or particularly user friendly. We are able to put data on the system, and trained agents are able to put data on the system, but it is not a customer-friendly interface where anyone can just go online and stick it on.

The question we need to look at—the absolute priority is making sure that we get the data on the system. That is why we are using RPA staff to do it in the run-up to May and 15 June. After that, I would want us to look at the best way of delivering this service to farmers, because as members of this Committee have correctly identified, there are issues with broadband. I do not want us to be inflexible and say, “We’re going to insist that everybody does online mapping,” if that approach is not suitable. This gives up an opportunity to look at that.

It is absolutely clear that because the new CAP is so complicated, we need a sophisticated system to deal with it. We have that in the core system, but there is a question mark as to whether it should be agents and the RPA putting data on that system or whether it should be something with that online functionality. That is something that we should continue to look at. I am not going to be dogmatic and say that we should carry on with it if it is not the best solution for farmers and customers.

The feedback I have had since our announcement last week from farmers in my constituency and across the country is that they are pleased we have taken a pragmatic decision and they are also comfortable with the process. I want to make sure that the process we develop in future is one that farmers are comfortable with.

Q50 Richard Drax: I understand that. One more question: are you saying that if you stick with the online option, you might potentially need another multimillion-pound system to make sure that you can do it all online? Is that a possibility?

Elizabeth Truss: Basically, what we have at the moment is a hybrid system. People are able to register online. In future, they might be able to send forms in online, but the question is whether we go to the full system online. Those continue to be open questions. All I am interested in is making sure that we hit the deadline and that we have the data we need at the RPA to get the stuff on the system.

Mark Grimshaw: The Secretary of State is absolutely right. It is very important to recognise that the web portal is a relatively small part of the overall environment in which the system—

Q51 Richard Drax: Not for the farmers, it's not, Mr Grimshaw.

Elizabeth Truss: Exactly. I agree with that.

Richard Drax: It is not for the farmers. This is a major problem for them and not to be underestimated.

Mark Grimshaw: We do not underestimate it at all, which is why we took the decision that we took.

Elizabeth Truss: That is why we also want to be flexible in future. We are not saying that we are just going to continue on that path if it does not work for all the farmers who want to apply.

Q52 Mr Spencer: On the specific issue of the communication of the change of decision, as well as your direct communication to farmers, did you make use of the agricultural press and trade bodies like the CLA, NFU and TFA?

Mark Grimshaw: Yes, we did. I gave personal interviews to *Farmers Guardian* and *Farmers Weekly*. I did a radio interview on "Farming Today", which was broadcast on the Friday morning. We have also brought in what we would refer to as our biggest stakeholders—the NFU, CLA, TFA, CAAV and others. We were engaged with all of them. They have been particularly helpful in getting the message out to their membership and were particularly pleased that we have taken the decision to allow their members to apply by paper, to ensure that they get their applications in on time.

Q53 Chair: Is it not a matter of regret that the small farmer who may not be a member of the TFA, the NFU or the CLA and could not access this information because they might not have given you their e-mail address looked to the RPA website for the information but it was not there?

Mark Grimshaw: As I said earlier on, I think it was. I am going to come back to you with exactly what was posted on the website.

Q54 Ms Ritchie: Secretary of State, you were adamant that there was no contingency plan should the system fail, since the RPA would do what it takes to make sure that the system works. Has not the RPA in fact failed to make plan A work and been forced to adopt a contingency plan?

Elizabeth Truss: As I explained in my previous appearance in front of this Committee, this is a step-by-step programme of which the elements have been built up gradually. Making sure the core system works is the critical part that enables us to make

the payments and get the mapping right, then putting in place the registration, and then putting in place the ability to verify the land. The next step was putting in place the ability to map features on the land, which we have been discussing—that is the most recent bit. In all of these issues, our approach has been to develop the system, test it and then, where there have been issues, to find different ways of doing it.

Given that we had a short amount of time between when the EU made its decisions and implementing the system, it is the right approach to build it up in stages. What we have done is find a specific alternative to one part of the structure, which is the ability to put things on the map online, and likewise with registration. When that was not working, we found an alternative to do that. The approach has to be building it up step by step, and in each case, if there was a problem, finding an alternative. That is not the same as a contingency plan, because we are not diverting from the core system that we are using—we have still got the registration process. It is about taking a pragmatic decision when one element was not working.

What we could have done on 16 March was say, “Well, let’s have another go. Let’s see if we can make that work.” I felt that it was more important to make sure that we had a system that everybody could have confidence in, because my priority has always been delivering this on time. It was at the moment when Mark said, “Now is the time that if we don’t implement an alternative on this specific part, then we can’t guarantee it will be on time.” That has been the case—we have these discussions about every element of the system, so we have had that discussion about registration and we have had that discussion about the core system. George Eustice and I meet regularly with Mark and the team because this is a complex programme. We want to learn the lessons of what has happened in the past, which include being flexible and responding, when farmers have issues trying to use it, to come up with alternative solutions.

That is the approach. There would not be an alternative contingency plan of using just paper, because that kind of complexity—translating maps and entitlements with particular areas of fields that have particular crops in, and trying to put those through a rules engine—could not be done manually. You have to have a system to do that, and making sure the core system works is the priority. Yes, it would have been nice to have the full front end where farmers could enter their data directly—that would have saved us a lot of human resources, which we are now going to have to deploy, but we do have a plan to make sure that those human resources are used, so that we can deliver it on time. I don’t know if it is worth Mark outlining what that plan is.

Mark Grimshaw: Absolutely. We have put in place quite a degree of flexibility, which I have talked about here before, including our task force within the agency, focused on supporting farmers coming into the support centres to enter their data into the system. What we are able to do now is move that resource to focus on the support that farmers will need to help us to enter their data should they bring it into the support centres. You will recall that previously we had a conversation about drop-in centres and the fact that we had closed all our drop-in centres. We have now part rebranded the support centres to be drop-in centres, so customers can bring their BP5 application forms and marked-up maps into a drop-in centre, no more than 30 miles away from where they farm, and hand that to us. We will check it and receipt it, and that will be considered a full application, so taking a lot of the pressure away from farmers at this key time of the year.

Q55 Ms Ritchie: Secretary of State, you referred to the fact that there was a problem with broadband and the u-turn decision on the way applications are going to be dealt with. That raises the wider issue of the lack of adequate broadband in rural communities. You have provided us with the Government response to our report, but do you think it is acceptable that such a digital divide is emerging and how do you account for such delays in roll-out and the predicament it leaves rural communities in? The RPA issue highlights the problem of the lack of proper access to rural broadband.

Elizabeth Truss: We have made big progress in broadband roll-out in this Parliament. Superfast roll-out has almost doubled from 43% to 80%. I recognise that there are areas in the country where there are more issues, and we have a plan to get to 95% by 2017. The Prime Minister mentioned this at Question Time today, but we are also providing subsidies for satellite solutions for the final 5% in very remote areas. We do have a plan to deliver. I meet my local broadband providers in Norfolk who are rolling out now to some quite small villages. We are seeing roll-out much further in rural areas. Of course, there is more to do but we have, during this Parliament, narrowed the gap between urban and rural areas. We have put the money into ensuring that more rural areas get coverage.

Q56 Neil Parish: The permanent secretary told us in November 2014 that we have learned a lot about the things that went wrong with the CAP system in 2005. If memory serves, the last Government paid over £600 million in fines to Europe for getting it wrong. Mr Grimshaw, you have tightened up the system and got what will become the old system working, but we seem to have fallen straight back into the trap. Why did the trials take so long to go wrong, if you get my meaning? You have been assuring us since last year, every time people have come here, that it is all hunky-dory. Why did it take so long to work out that the system was not working?

Elizabeth Truss: We need to go back to what happened in 2005 and the difference with what we have got now. First, we have a single team working on the programme and we have had that over the course of its development. Secondly, we have highly trained staff in the call centres and at the RPA, and we are getting very good feedback from farmers. We have taken a flexible approach to delivering this programme.

Q57 Neil Parish: But what is different about it?

Elizabeth Truss: We are in a much better position than we were in 2005 because we have got a functional system with accurate maps. That was not the case in 2005. To comply with the European rules, the key things are that the maps in the system are correct, the entitlements are correct and the rules engine is correct in terms of things like the coefficients for particular crops and greening features. That is the critical thing that has to be right in order to comply with the EU rules, and we have got that in place this time. The Government in 2005 did not have it in place. That is the fundamental difference between the two situations. We would have liked to get to the position where all farmers could put the features in online. We have decided to go with the paper route where they essentially tell the RPA, which puts the data online. In 2005, there was not a working system to put the data on.

Q58 Neil Parish: I accept that. I accept that the last Government made a complete mess of the whole thing, but I am absolutely determined that we are not going to go down the same route. What about the hedgerows and the banks we have in Devon? Can they be accurately digitally mapped?

Elizabeth Truss: Yes, and that is exactly what the core system does. The point is that it is not a system that a person who is not trained in it can go on to and do it easily. It is not user friendly. It is something that a trained member of staff at the RPA can do, and they can put those hedges on and put those features on. We were trying to build the user-friendly interface. That has not been effective, but we have the capability within the RPA to do all that mapping.

Q59 Neil Parish: So is the answer to this conundrum that you had a system that you believed the farmers would be able to introduce—everything to do with changing the fields, the maps and the cropping—but that that just hasn't worked, so it has to be done by RPA staff? If that is the case, and I think it is, can we be assured that you are going to put enough staff in place so that the system works and that the farmers are paid out on time? Remember what happened with the last system. I was farming at the time. Therefore, the payments—

Chair: Can we allow the Secretary of State to answer?

Neil Parish: The payments were late, so we have to have enough resources in place; otherwise, we will end up paying fines to Europe, farmers will be paid late and it will be worse than ever.

Elizabeth Truss: And that is very much at the front of my mind and Mark's mind. I am going to let Mark answer the question about the staffing resources, but I want to clarify that there is the core system and then there is the interface. It is the interface that is not working. The core system is working. That is a very different situation from 2005, so we have a workable system. The point about that is that it is not user friendly, so people who are not trained cannot go on and do it.

Chair: I think we've got that.

Elizabeth Truss: That is important. You said it was not working. It is working; it is just that that particular—

Neil Parish: So will farmers be paid on time?

Chair: We have asked that already. Mr Grimshaw, would you like to comment on the earlier question?

Mark Grimshaw: Building on what the Secretary of State has said, it is only part of the interface that is not working. In terms of the resource, the Secretary of State and the permanent secretary have been very clear that the RPA will be able to draw down either the budget or the resource that it needs to do this work. I have no reason to suggest that that won't happen.

I would much rather be here talking to you about the way we are going to get farmers into a position where they can submit their application forms on time, we can process them on time and we can pay them during the payment window than coming here and saying to you, “Actually, it didn’t work at all.” Taking the decision when we did was absolutely the right thing to do. That has certainly been backed up by our engagement with stakeholders in the industry.

Q60 Mr Spencer: We are going over old ground to a certain extent, but just to be clear, Defra has told us a number of times that moving to a paper-based system might lead to EU disallowances. Are you now completely confident that you can move to that paper-based system without incurring those disallowances?

Elizabeth Truss: It is not a wholly paper-based system. If we had had a wholly paper-based system we could not have done the calculations that were necessary because they are complex and involve transferring map data, combined with things like the co-efficients, into a final payment. Doing that manually would be a nightmare. Now, RPA staff are inputting the relevant information to the system, whether it is the hedges as part of the EFAs, the relevant co-efficients or area of cropping.

The best option would have been for farmers to be able to do that in a user-friendly interface, because then they would have known exactly what it looked like on screen, but what we are setting up means that people will be able to go into the drop-in centres and it can be inputted then, or they will be able to send physical maps. The key point is that those data will be inputted on to a system where the calculations can be made. It is not entirely paper based; it is a paper-based application process to allow the information to be digitised by the RPA, rather than relying on the farmer.

An open question in my mind—this is one thing we need to explore when we get through the deadline—is whether that is better in some cases than having the farmer directly input it, given that there is a certain amount of complexity anyway.

Mr Spencer: Thank you. I should have drawn attention to my declaration of interest before I asked the question, Chair.

Chair: I sadly don’t have any more interests. Could we speed up a bit?

Q61 Mr Spencer: Yes. I have two questions. First, you are saying that the Defra officials will input the data. I suppose the challenge will come when, because landowners know where a pond or ditch is positioned, Defra officials, without that local knowledge, have to transfer that data and whether that will lead to disallowances.

Elizabeth Truss: I might answer this question. The point is that the precise position of the pond in a field, provided that it is in the field—it is the area that matters.

Mark Grimshaw: For the submission of information on a marked-up map, we will give that to professional digitisers who will bring up aerial photography, satellite imagery and Ordnance Survey map data and will map it accurately. We simply need to know which

field it is in and whether something is a pond or a hedge or a shed and then we will do that on the behalf of the customer.

Q62 Mr Spencer: The other knock-on effect is that you have not budgeted for all these people inputting this data, so what impact will the printing, the postage and the required staff have on Defra's budget? It must be quite a figure.

Elizabeth Truss: There will be implications for Defra's budget in terms of additional staff and postage, as you rightly say. The most important thing is that we get this right and that we get it done. The permanent secretary and I are both prepared to allow that to happen. We do not yet have the figures for this year's outturn and we are working on budgets at the moment. Do you want to say a bit more, Mark?

Mark Grimshaw: Absolutely. Somewhat fortuitously, this activity falls into the back end of the 2014-15 financial year, because the year does not finish until the end of March. We actually had a small surplus in the RPA's budget, which we have been able to reassign to map pack production and the distribution. You will be aware, however, that the vast majority of our communication to customers is now through e-mail rather than direct mail, so it is considerably less expensive. For 2015-16, when we have the challenges of data input, I fully expect the Secretary of State to ensure that we get the necessary budget improvement to do this. However, it is a relatively short-term expedience and it will not be that expensive for us.

Q63 Mrs Glendon: Given all that has happened, how will you regain the confidence of farmers in using online systems for future CAP applications?

Elizabeth Truss: Farmers are using the system. We have 89% registered, so it is being used to some extent, but not to the full extent that we would have hoped. We are using e-mail, as Mark pointed out, to contact farmers. I want us to be responsive to how farmers want to input data and we need to consider that seriously. We need to work with farmers to ensure that they are comfortable. Last year, we got up to 70% online applications, but that did not involve the mapping, which was still done physically. We need to consider those various aspects, but it is clear that we need to bring farmers with us. One reason why we made this decision is the feedback that we received from farmers about using the online system.

Q64 Mrs Glendon: If the fast-tracking and blank-form options unveiled last week make life easier for some farmers and applicants, why were they not introduced from the beginning?

Elizabeth Truss: Fundamentally, if we have a system where the map interface works and you only have to enter the data once—the farmer enters the data that then go directly into the system—it is more efficient. This process, as we have discussed, involves more human resources and consequent costs, so it would have been a more efficient system had it been working on time.

Mark Grimshaw: In terms of the overall approach, it is very much in line with this Government's drive towards a digital future, supported by the need to get rural broadband out there as well. It will be in the interests of all farmers ultimately to be able to use their computer, their iPad or whatever it happens to be to see what is happening on their particular farm. So I think, in terms of the ambition, it was absolutely fine. As we have already stated, we got to a position where we simply were not able to get that final piece of that small part of the web portal over the line. Without a doubt, the most sensible thing to do was to say, "We are not going to pursue this any further. We will stop doing what we are doing. We will use a system that farmers are comfortable with, because what they want is the certainty of knowing that they have made a legal application by the end of 15 June, against which we can then input the data and pay them during the payment window."

Q65 Mrs Lewell-Buck: As you are both aware, this Committee has continually advocated the retention of paper-based applications, yet the Government and the RPA have insisted that this would be impractical and that applications simply could not be done on paper. So what has now changed to make the impractical practical and the impossible possible?

Elizabeth Truss: We have essentially now got a hybrid system where the RPA enter data and a registration that is online, but a system of submitting the claim that is by paper or direct into the RPA drop-in centre. It was vital that we changed from the old system to be able to comply with the EU rules, which are extremely complicated. It was right that we could not just have a paper-based system, but we are confident that, as Mark has outlined, being able to mark the maps physically and then the RPA input the data themselves is a solution that will work.

Q66 Mrs Lewell-Buck: So it was always possible to have done this? It just wasn't what the Government desired.

Elizabeth Truss: We always needed to get a new core system and to make sure that that worked. That was a new requirement because of the complexity. Clearly, the fact that we are able to do the alternative shows that you can operate a system with essentially the RPA inputting the data, rather than the farmer. We did desire that the farmers input the data directly. That would have been both efficient and would have helped enable accuracy, but we think this is a viable alternative.

Q67 Mrs Lewell-Buck: It is a shame that that was not considered throughout the time when this Committee was explaining to the Government that retaining a paper-based system would have been more practical.

Elizabeth Truss: There are issues with the paper-based system.

Q68 Mrs Lewell-Buck: But you have come around to them in part now, so why couldn't you before?

Mark Grimshaw: Where we are at the moment is that we now have, for example, the 39,000 customers that have registered, and we know that we can actually deal with them

electronically. It was never feasible to deal with all of our customers with a paper-based application. The Secretary of State was clear last week that we had to find a way of ensuring that all those customers who wanted to make an application accurately and on time had to have the facility to do that. The creation of the interim paper route was something that we had to look at, and I am pleased to be able to say that we have actually found a way of being able to do it.

Q69 Mrs Lewell-Buck: How confident are you of the accuracy of the paper applications?

Mark Grimshaw: The accuracy of the applications is predicated on the accuracy of the information that people put on them. We will lift that information either manually or by optically scanning it into the system, so we would absolutely advise farmers to make sure that they put the latest, most up-to-date information on their application forms. If they have any concerns whatever, they can call us on the helpline and we will talk them through the process. We have also, as I have said, built the capability of the 50 drop-in centres, so they can take their applications into a drop-in centre. We will check that the key information is recorded accurately, receipt it for them, and then, as far as the farmers are concerned, they have got their application in on time, which was the ambition for all of us.

Q70 Mr Spencer: Can you give us an idea of the figure that we have spent so far on developing this CAPIS system?

Mark Grimshaw: The Secretary of State gave that figure earlier on, so it was £33 million in 2013-14 and we do not have—because we have not got to the end of this financial year—audited figures for this financial year.

Q71 Mr Spencer: You said earlier that the interface was the challenge. Again, can you give us a rough idea of the number of people who were trying to engage with the interface and at what point did it become unworkable—what made it crash? What sort of numbers are we talking about?

Elizabeth Truss: In terms of the overall programme, the programme budget is £154 million and that is over a 10-year period. There is the specific web interface, but there are a number of different components to the programme—the rules engine, the payments system—which all need to be integrated as well. There is a lot of systems integration work as well as the specific development of the online facilities. I don't think we have a breakdown of that—

Q72 Mr Spencer: Is that all the bits that went wrong, or is there anything else?

Elizabeth Truss: This has been a process of doing it step by step. Things do not suddenly go wrong—they are gradually built up and bits of it need to be fixed, as with any development of software.

Q73 Mr Spencer: Okay, which would be why it was identified so late, because it was a culmination of those factors—the interface and the other challenges of the system working together. Is that what you are saying? That is why it was not identified much earlier.

Elizabeth Truss: There was a programme schedule with the elements of the system that had to be delivered—the core system, the registration, the ability to view land. The programme was on track until we got to this issue, because each element had been sorted out, and that was the whole approach—doing it step by step—until we got to this specific issue of the interface, which proved difficult to sort out. We got to the point on 16 March where there was a risk in continuing to try and sort that out, given the time frame we were under.

Q74 Mr Spencer: So you might have hoped that your IT partners would have picked this up earlier, or they had the expertise to deliver a system that was going to work. Is it the RPA's fault that they did not pick the right IT partner, or is it the fault of the IT partners you were working with—that they did not have the right experience or knowhow to make the system work?

Elizabeth Truss: One thing to say is that this project has been under a lot of time pressure, given the late decisions from the EU, which has not helped. The system has had to be developed alongside the decision making of the EU. Clearly, the decisions—and I mentioned this when I started—about the contracts were made in 2013. Obviously we will look at those in due course. I don't know if Mark has anything to add.

Mark Grimshaw: The important thing here is that we are talking about one small component in the overarching system. The system works perfectly fine: the bit that we had difficulty with was the ability to allow farmers to do their mapping update—putting a hedgerow or a permanently ineligible feature on. The more farmers that started to use it, the slower the system went, and that was one of the big concerns that farmers were raising with us—“We simply can't get into the system to do the work that we want to do.” The way that the service has been developed over time means that when we come up against an issue like that we put a fix in, which is what we planned to do for 15 and 16 March.

Q75 Mr Spencer: I suppose where I am going with this is that presumably, there is a contract somewhere between you and your IT partners. Is there a provision in that contract that says they will deliver the system and, if it does not work, is there a route to compensation? Who is picking up the tab? Is it the taxpayer or the IT guys?

Mark Grimshaw: The contract is not built in the way that the old contracts used to be built, where you would expect something to have been delivered on a set date at a set time. All the work that the contractors have done so far on this service is reusable and developable. We have simply paused for the benefit of reflection and we have moved our efforts on to making sure that our farmers can make their application. We will go back to this in the fullness of time and look at the options: nothing has been scrapped, but we have taken the decision to ensure that farmers can make an application on time so that the rest of the process will work, and then we will get to the important bit of paying them.

Elizabeth Truss: A fundamental issue, if you look at the dates here, is that the decisions about contracting were made in December 2013. The final decisions about the shape of greening were the following summer. So, you are building a system in parallel with decisions being made about the policy.

Q76 Chair: Can we bring the threads together to conclude? The House is about to dissolve and those who are fighting elections will go out into the country. Will ministerial colleagues be available to MPs, candidates and farmers to answer any more queries in the intervening period?

Elizabeth Truss: Absolutely. As you know, I remain Secretary of State during that period, and I can assure you that I am paying very close attention. We have regular contact with the RPA to ensure that this programme is on track. We already have a means of tracking the number of farmers who are registered, and I will be tracking the number that we get through the system to ensure that every last one who wants to claim is able to claim, and we will track that on a regular basis. Minister Eustice will also be working with me on that.

Q77 Chair: You have bandied around a lot of numbers and percentages. How many claims have actually been submitted to date? Not how many registrations have been made; how many claims.

Mark Grimshaw: Under the new process, as of today, we have not received any paper application forms, but we would not expect to yet, because we put the paper application forms on the service only on Monday morning. I can tell you that out of the 70,000 e-mails that we sent out on Friday, 55% of them have already been opened and we have had more than 5,000 people go on to the website to start to download their paper basic payment scheme application forms.

Q78 Chair: So, effectively there was not one claim under the original system?

Mark Grimshaw: On the original system you weren't able to make a claim because the full claim functionality had not been released.

Elizabeth Truss: I think about 8,000 had managed to do the—

Mark Grimshaw: As the Secretary of State says, we had just over 8,000 get as far as the process would allow under the old approach.

Q79 Chair: So, you have a lot of work to do before 15 June?

Mark Grimshaw: Absolutely, but we are resourced to do that and we are expecting the forms to start coming in from next Monday.

Q80 Chair: In response to a number of questions, Mr Grimshaw, you have said that you are expecting an uplift in the budget. We are about to embark on a comprehensive spending review, almost as soon as a new Parliament convenes. How much do you think you are going to have to ask for, and from which budget is it going to come? Is it going to come from your budget or from the Secretary of State's Defra budget?

Mark Grimshaw: Work is under way at the moment to come up with a figure that will go back to the Secretary of State. In the first instance, I know that I will be asked to seek to absorb as much of that additional spend as I can within the agency's budget and will seek to do that. As I said earlier, I expect the funds or the resources—because this is people-related and we may be able to utilise people in other parts of the Defra system—during this particular period of time. I don't have any concerns that the resource or the budget will be made available to me.

Q81 Chair: We were told by the Permanent Secretary in November 2014 that staff would be drafted in from all over Defra if required to help farmers meet claim deadlines. How many staff are being drafted in and which budget is that coming from?

Mark Grimshaw: To date, we have had some 58 volunteers from outside the RPA. We have got those on a call-off list. Right now, we don't actually need any additional people, so we can absorb the work within our existing headcount, but the Permanent Secretary has been clear that she will endeavour to make those people available to us, as and when we need them.

Q82 Chair: Endeavour to make available. That does not sound very promising, Secretary of State.

Elizabeth Truss: Those staff will be made available. I think, Mark, that you have access to a particular pool of staff, haven't you? We have discussed that.

Mark Grimshaw: Yes, we have. I mentioned earlier that we have our own taskforce that we utilise to deal with significant issues across the range of projects that the RPA is responsible for.

Q83 Chair: How much is left in your budget? You said you have a surplus.

Mark Grimshaw: This year, just under £900,000, but we are close to the end of the year.

Q84 Chair: Is that going to do it?

Mark Grimshaw: We have already spent some of the money so that will help for this year. It is next year's budget that will be the more challenging one.

Q85 Chair: Do you believe, having had experience of the CSA computer and the RPA computer, that there are lessons to be learnt for Government IT contracts?

Mark Grimshaw: I think there are lessons to be learnt. John Manzoni has already been on the telephone, asking for us to take some time to sit down with him and colleagues from the MPA and share those lessons when we are in a position to do so—recognising that we are under quite a lot of time pressure to get those applications in at the moment.

Chair: You have been kind. Thank you very much indeed. You are very generous for being with us. We hope to adopt a report to share with you.

We think that there is going to be a vote so, if it is very brief, Mr Parish.

Q86 Neil Parish: I just wanted to say that naturally, Secretary of State, farmers are very concerned about getting their single farm payment on time and they want the system to work. Thank you for doing this work, but we need to have the assurance that farmers will get the money on time.

Elizabeth Truss: Yes, I absolutely appreciate that.

Q87 Richard Drax: My farmers have told me that the information as to the old single payments is about to be removed next month. Is that correct and, if it is, can you not so that farmers moving to the new system have the information at hand? Is it true?

Mark Grimshaw: So we are standing down access to last year's SPS payments, but we are sending out pre-populated forms to all customers during April, along with maps, so they will have everything that they need to make an application.

Chair: Can I just draw this to an end? I ask the Committee to remain so that we can adopt the report. Thank you for being with us, Secretary of State and Mr Grimshaw. I recognise that common sense has broken out.

As this is the last Committee sitting of this Session, I thank all the services, including *Hansard*, the sound engineers and everyone who has worked so hard, including our staff and my parliamentary colleagues, to ensure that the work of the Committee has been as effective as it has.