Environment, Food and Rural Affairs Committee

Oral evidence: Common Agricultural Policy, HC 405

Wednesday 9 March 2016

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Watch the meeting

Members present: Neil Parish (Chair); Chris Davies; Simon Hart; Dr Paul Monaghan; Rebecca Pow; Ms Margaret Ritchie; David Simpson; Angela Smith; Rishi Sunak

Questions 63-161

Examination of Witness

Witness: **Mark Grimshaw**, Chief Executive, Rural Payments Agency, gave evidence.

Q63 Chair: Good afternoon, Mark. Welcome very much back to the Committee. It seems like a regular occurrence, so we are delighted to have you here. Really I do not think you need to introduce yourself, because we know exactly who you are. You have been in the hot seat now for some little while. I will give you a straightforward question: how many farmers have now had their claims paid?

Mark Grimshaw: Thank you for that. As of 8.00 this morning, 72,324.

Q64 Chair: How many are therefore left to be paid?
Mark Grimshaw: There are 87,095.

Q65 Chair: That is about 17,000 or 18,000, is it?
Mark Grimshaw: It is just over 16,000. However, the total number of eligible claims still to be paid is 12,529. The reason I make the distinction is that there are a number of claims that will not receive a payment because they have put in a claim, for example, simply to protect their entitlements for this year or they are going to find that they are in receipt of a nil payment for various reasons. Some customers still have not registered on the service. There are just over 600 probate cases. Right now, there are still 12,529 eligible customers who have yet to be paid.

Q66 Chair: If I go through the figures now, by the end of the month of December, you paid 11,024 by volume, then by the end of January that went up to 22,400. In February, having paid 11,000 each month you then dropped back to only 5,000. My question to you really is, with 12,000 or 13,000 legitimate claims left to pay, you seem to have slowed down. Is that a fair comment?

Mark Grimshaw: It is a reasonable comment if you were looking at it simply as a straightforward progression where maintaining speed was the thing to do. Unfortunately, it is not, because we had to take a number of decisions back in August around which customer categories we would build the technical capability for during this year. There are three categories that were always going to be later, the first one being commons. There are around 4,800 common claims. The second category is inspections, with roughly 9,000 inspections, and then there are those that we then call the super-complex, so the National Trust, the RSPB and people like that.

One of the important things for the Committee to be aware of is that we tend to batch and pay on a weekly basis. We do not hold on to claims. We do not try to build a backlog so that we can let them all go in a flurry of excitement. We try to pay as many as we possibly can, accurately, as quickly as we can.

Q67 Chair: You previously predicted to us that the vast majority of claims would be paid by the end of January. You said that when you last came in to see us. Were the vast majority of claims paid by the end of January and how do you analyse those figures?

Mark Grimshaw: I think they were. We paid just over 77% and we had an internal ambition of achieving 75%, which we considered to be the vast majority.

Chair: The figures I have are that you paid to the end of February 71,700, but you are saying it was more than that. Those are percentage terms, okay.

Q68 Rishi Sunak: Thank you for being here, Mr Grimshaw. I appreciate it. I have two questions around benchmarking. In the past, the agency was able to pay out something like 90% of claims in the first few days, when the payment window opened. I would be interested to have your thoughts on whether that is technically possible and if that is something we can aspire to get back to. The second question is around benchmarking versus other European countries. How do we do relative to some of our competitors in getting payments to farmers?

Mark Grimshaw: 2014, which was the last year that SPS was paid, was probably the zenith in terms of payment performance. We paid 95% of our customers on the first banking day of December and, by the end of December, we had paid 97% of our customers. I will not give you the actual volumes paid, because of course it changed quite dramatically when we went into BPS, so percentage-wise probably the best place to be. My ambition, and one of the reasons that we built the system in the way that we did, was to get back to that position as quickly as possible. I see no reason why we should not be back in the high 90s during December.

Q69 Chair: Is that of this year—December 2016?

Mark Grimshaw: I think that is achievable.

Rishi Sunak: It is very welcome to hear you say that.

Q70 Chair: I think you will find it will all be down on record. I hope you do achieve that but, if you do not, you will be brought back here to explain why.

Mark Grimshaw: That would be understandable. I seem to remember that you set me the challenge of 90% in your recent report as well.

Chair: Indeed, and you are obviously up to the challenge.

Mark Grimshaw: To your second point, I think we do reasonably well. The reason I say "reasonably well" is that I do not personally spend much time looking at the performance of payments in other countries. My challenge is to get back to the SPS 2014 levels. It is quite feasible that we can get into the mid to high 90s by BPS 2017. My approach is to make sure that we can pay as many of our customers accurately and as early as we possibly can in order to aid with cash flow and give them the certainty of the payment. Other countries adopt different ways of paying. Some use Treasury funds rather than EU funds, in order to get early payments out. It is generally difficult to make a direct comparison.

Q71 Chair: My next question, quite bluntly, is about when the remainder of farmers will be paid. Naturally, I can understand with the commoners that there has been a court case and some problems there but, as far as those individual farmers are concerned, they are still desperate to have the money. It is a very difficult economic situation out there. While we have a certain amount of sympathy for the system that you are operating, the farmers did not create the system; they should not be waiting for their payments. When are they going to get the rest of them?

Mark Grimshaw: To remind the Committee, as I regularly do, the payment window does not actually close until the end of June, so we are operating within the EU's prescribed timeframe. I expect, as the Secretary of State has already commented, that almost all farmers will be paid by the end of March.

Q72 Chair: In a court of law, what would you mean by "almost all farmers"? Can you clarify that please?

Mark Grimshaw: My expectation is that we will be in a range. You know I do not quote figures unless I know I can deliver against them. We will be in a range, by the end of March, of between 92% and 95% paid.

Q73 Chair: Where are we at this time then? That is quite ambitious, is it not? What figure did you give us? Where do we stand at this moment in time?

Mark Grimshaw: As we stand here today, we have paid 83% of the total claim population, but 2.5% of the total claim population will not get a payment, which is what I mentioned earlier on, so essentially we have paid 85.5% and there is another 14.5% to go.

Chair: In order to get to the 95% by the end of March, which would be the top end of your prediction, there are still another 10% of farmers to pay, and surely they are quite difficult ones. We are now coming towards the middle of March, so are you not being a little over-ambitious? I hope you are not, but it is an interesting figure.

Q74 Simon Hart: Could I add something, Mr Grimshaw, because you told us just now that there are 12,529 eligible farmers out there? In February, you managed to get 4,900 of those accounted for. What makes you think that you are going to do twice as well in March as you have done in February, which is what you will have to do, if not more, in order to meet your objective? Either you have done very badly in February or you are going to do incredibly well in March. Which is it?

Mark Grimshaw: It is actually neither of those, in the way that you have put it to me. I said earlier on that this is not a binary process, so things drop in terms of the technology. We have not been able to pay that many commons claims up until now. The commons functionality goes live next week. Once the functionality goes live, then we will be able to free up all of the commons payments and will make pretty much all of the commons payments that are not linked to a complex case during March. We will also see a lot more of the inspections payments get paid, because we are subdividing the inspections payments depending on inspection type.

To go back to the point I made earlier, we are always looking at ways of getting payments out of the door. On the very fact that we said that we would make commons payments in March, the functionality is ready and being tested. It should go live next week. That is around 3,500 payments that will be available for us during March, lots of inspections payments and more digitisation being completed for the complex cases. Being ambitious is not normally something that is levelled at me, so, if I think we can do it, it is because I think we can do it.

Q75 Chair: Would it be fair to say that, because there was a slower process of delivering a number of payments through February, a lot of work was being done on the payments for the commoners and others, so that we can get these figures in March? It is very important now. I know you have the window until June, but there will be some years when it would not altogether matter whether farmers had to wait that long but, in this year, which is the second year of really low farm-gate prices, it is essential that we get that money to them. Do not forget that 80% or 85% of farmers have received their payments, so therefore it is more annoying and worrying for those who have not. When they go out and talk to their fellow farmers, naturally they are well aware that their fellow farmers have probably received their payment and they have not.

Mark Grimshaw: Absolutely. I think it would be very helpful if I could just remind the Committee that there is a financial hardship route. Any farmer or claimant who finds himself or herself really up against it can go via the Farming Community Network and put in an application, which is a pretty straightforward process. It can be done over the telephone. We have already paid out just over £5 million to some 300 farmers, as part as the hardship route.

Q76 Chair: Is that still available now?

Mark Grimshaw: It is still available, absolutely.

Q77 Rebecca Pow: Can I chip in there because it is very interesting? That was going to be one of my questions, because I met some farmers recently and they asked precisely that question. Is it realistic that they will actually get money? What do they have to prove in order to get it? As the Chair says, many of them are facing extreme difficulties. They had flooding in Somerset last year, for example, and they have all the low prices now, so how can they actually get their hands on the money and how quick would it be, please?

Mark Grimshaw: They can get their hands on the money by going to the Farming Community Network, which is what I have said. They are likely to get 60% of the amount of money that they received in 2015. They then get the remainder when we get to the point of working their claim. If it is absolute hardship, it is a very straightforward process, providing they can demonstrate hardship. They do not have to demonstrate it to the RPA. We work specifically with the charities, RABI and the Farming Community Network, which do all of that work for us. If they say that a particular claimant should receive the moneys, then we will pay those moneys. It comes from Treasury funds, so it does not go against us in terms of any potential disallowance, and we will work through the case fully in the fullness of time. That route is available. It does work.

Q78 Rebecca Pow: Say you applied for it today, for example, will you get it before the end of March when you presume you might have your 95%, or do you think that it is actually not going to help much, because they will not in fact get it any earlier?

Mark Grimshaw: That is a very good point. One of the things that happens during the hardship application process is that the charity will contact us to see whether or not a full payment is likely to be made in the next seven to 10 working days. If it is, then we do not accept it as a hardship case. We have had just over 440 actual applications through that process and, as I have said, just over 300 have been paid through that process. If we know we are going to pay the full amount, obviously we will let the customer know and we do not pay them through the hardship fund.

Q79 Rebecca Pow: My final point is: do they know that? The farmers I met did not know that. They asked me to ask the Government if there was a hardship fund, so we need to let them know, do we not?

Mark Grimshaw: We do let them know. The information is available on gov.uk. It is available through our helpline. It is available through FCN. The National Farmers' Union has communicated that information. The trade press have communicated that information, so it is generally available, but you have to be looking for it.

Q80 Ms Ritchie: Apart from the Farming Community Network, is there any other aid that the RPA is giving to claimants facing those cash flow problems because of delays in making their payments? What else is available to people facing financial difficulties and maybe banks foreclosing?

Mark Grimshaw: There are a number of things that we have been able to do but, when it comes to specific financial aid, there are two areas where the RPA has been involved with customers. We were responsible on behalf of the UK Government for making the 10,068 dairy payments earlier this year. Some £20 million went out to dairy farmers in England, Scotland, Wales and Northern Ireland. We co-ordinated the whole of that activity.

We are also responsible for leading on the Farming Recovery Fund for those areas of the country that were hit by storms earlier this year. You have to make an application to the Farming Recovery Fund. Providing you were in one of the areas that was hit by the storms—so we are talking about County Durham, Cumbria, Lancashire, Northumberland and Yorkshire—you can make an application. The application in and of itself does not get you an immediate payment; we have to validate and approve the application. We have satellite imagery of all of the affected areas for the period that they were affected, so we can see whether or not there was floodwater, for example. We ask applicants to send us photographic evidence. We will clear those payments as quickly as we possibly can.

We have had 288 applications to date for some £3.6 million, and 79% of them were processed in 10 working days or fewer. These things are going through. Farmers have to apply; that is the challenge.

Q81 Ms Ritchie: Are farmers aware that these benefits, for want of a better word, are available to them?

Mark Grimshaw: Again, they should be. We have worked very closely with local NFU bodies. We have worked very closely with the Country Land and Business Association and the Tenant Farmers Association. Again, the major trade press have been communicating this. The Secretary of State herself and the Ministers have been present in the areas where flooding took place. Lots of local charities are aware of it. It is a very straightforward process.

Q82 Ms Ritchie: Do you have the staffing capacity to assess the cash flow problems facing farmers at the same time as getting the remaining payments delivered as quickly as possible?

Mark Grimshaw: In this particular instance, we do not need to assess their cash flow. If they have a legitimate claim and they can demonstrate it with photographic evidence of stock fencing that was there on Monday and was not there on Tuesday—we have seen the pictures of all the gravel that has been deposited on fields; we have seen lots of field boundaries and dry stone walls that have disappeared. As long as they can evidence that to us, we do not need to ask them about their cash flow.

Q83 Ms Ritchie: In relation to the ordinary rural payments, has any assessment been made of whether any farmers have gone out of business as a result of such cash flow problems or has any analysis been undertaken of the borrowing costs that farmers have had to incur with the bank or with the building society or loan society? Do you intend to do so?

Mark Grimshaw: I am not aware of any research that has been conducted of that nature and it is not something that the RPA would be responsible for doing. What I am aware of is that we have had contact with all of the major banking institutions. We have arranged for the banks to accept the letters that we have sent out to customers saying that they would be paid effectively as notification that the funds are coming. Pretty much all of the banks have seen it fit to extend credit lines to their customers.

Q84 Rishi Sunak: Mr Grimshaw, I heard you mention a couple of times this idea of utilising Treasury funds for payments. I would be grateful if you could elaborate on the current way that we make these payments, which it sounds like is not from Treasury funds. What are the benefits of using Treasury funds?

Mark Grimshaw: BPS is an EU-funded scheme and, in normal circumstances, we would make full payments. We actually use Treasury funds in the first instance, because that is money that is available to us, and then we claim it back from the EU. Historically, we claimed most of it back in February, because we paid most of it out in January. It is only at the point of claiming the money back from the EU that we become exposed to any disallowance risk. If we take a decision to hold off claiming moneys back from the EU because, in the example that I gave earlier on, we have decided to use Treasury funds to get some payments out through the hardship route, when we will not have done a full assessment of the claim, so we cannot guarantee its validity, we want to be able to do all of that work before we actually submit a claim to the EU for a refund against that money. I hope that was clear.

Rishi Sunak: That was clear.

Chair: The argument is that, if you make a payment that has not been verified, it could then be disallowed by the EU. By doing it through Treasury funds and not claiming it back, you do not leave yourselves open for claims by the EU.

Q85 Rishi Sunak: If you were looking at it purely from a flexibility perspective and trying to minimise disallowance risk, would it be ideal to use Treasury funds for everything and delay claiming against the EU funds until you had made sure that all the t's had been crossed and i's had been dotted? Is that fair or not?

Mark Grimshaw: It is an approach you would have to take up with Treasury officials. I am not sure that you would find too many buyers for it, to be honest.

Chair: It is not a bad idea though, because the EU does claim back quite a lot in disallowance. It is certainly not the worst idea I have ever heard.

Rishi Sunak: With interest rates where they are, it may be more of an argument for it today perhaps. Thank you for making that clear.

Q86 Rebecca Pow: This section is really about unpaid farmers. Just to go back to the commoners aspect, you said the commons functionality goes live next week, whatever that means; you might just remind us. Also, as a result of the court case that was held, I gather that a lot of commoners can backdate claims. Is that going to happen? Can you possibly get through all the payments by the end of March? It is basically only a couple of weeks. If you do not, will you then not start to get into this terrible situation where it is time to start thinking about the next payments and the next applications? I know that my local farmers are particularly worried about that.

Chair: We will probably deal with what happens with the actual application later on, if we deal with the commoners in particular now.

Rebecca Pow: They are worried about the conflict.

Mark Grimshaw: In the main, you are referring to the legal decision that was sought by the Minchinhampton and Rodborough commoners, and they were successful. It has had a number of impacts, but of the main two, the one that I talked about was commons functionality. I should explain what I mean by that. In order to be able to calculate the full value of a common on the new system—and commons only happen in the UK, so you do not have commons anywhere else in Europe—the system that we acquired, which at its heart is an Italian system, does not have the concept of commons built into it. We have had to build that functionality, the actual software, into the system and that is what becomes available to us next week. Once we have that, then the system will just run as though it has always been there.

The second part of your question relates to being able to pay retrospective payments. That is very true. We have written to all commoners to outline that opportunity to them. We are gathering the responses. You have to claim if you want to make that retrospective submission. That work will be conducted later this year, possibly with a view to making payments by the end of this calendar year, possibly with a view to making payments early in the next calendar year. It will run alongside the work that we do on BPS.

Q87 Rebecca Pow: They will get this year's payments first and then they will get the retrospective payments afterwards. They will not have to wait until the end of the year for all of it, will they?

Mark Grimshaw: No, they are two very separate activities, so it is this year and then looking forward. Providing they make a claim, it will be retrospective.

Q88 Simon Hart: Much of this session so far has been about the number of people who you have paid and the number of people who you will pay in a relatively short space of time. It is fair to say that we have received quite a lot of evidence to the effect that, whilst farmers may have been paid, they have not actually had the breakdown as far as their eligibility is concerned. We are now looking at a situation where they are going to have to meet the next window of opportunity and complete the applications as per your requirements, without the information they need in order to submit them. Are you happy with that situation or do you think it could lead to further complications down the line, with people just having to fly blind when they are making their applications within the current window?

Mark Grimshaw: I think you are asking me two separate questions; one is possibly about claim statements. The first 1,000 claim statements went out last week and we are just testing the response from our customers. We have sent out 1,000 and we have had 69 phone calls relating to them.

Q89 Simon Hart: Does this form have all the entitlements clearly defined within it?

Mark Grimshaw: No, this is the form that tells you how we have actually calculated the payment that you would have received for BPS 2015.

Q90 Chair: Before you carry on, you have sent out 1,000 of these, but you have also started sending out the pre-populated forms for next year online. Have you not?

Mark Grimshaw: No.

Q91 Chair: I agree with Simon; how on earth can you expect anybody to make a claim for 2016 if they have not seen the breakdown of 2015? They are just not going to do it. Surely if you carry on with that, you are going to be back to where you were in 2004 and 2005, with a complete mess.

Mark Grimshaw: I can understand how you could get to thinking that. We have not sent out pre-populated forms either on paper or electronically just yet.

Q92 Chair: When are you going to do that? Will you clarify the situation for 2015 before you send out those pre-populated forms, either online or by paper? This is quite fundamental.

Mark Grimshaw: In fact, I came from a meeting only this morning talking about the timeline for this, so it is fresh in my mind. We are expecting to send out the pre-populated online forms from Saturday 19 March.

Chair: That is a week on Saturday.

Mark Grimshaw: For all of those customers who have already been paid, the information that will be on their pre-populated form online will have been validated and verified; otherwise we could not have made the payment. Everything will be correct at that stage.

Q93 Chair: It will be correct as far as you are concerned, but is it correct as far as the farmer is concerned, if he or she has not been given that breakdown? The farmers have received the payment, but most I have talked to have received the payment but not received the detail on how you got to that payment. That is fundamental. If I were filling in a form like I used to—I do not anymore, because my tenant does it—I would not fill it in until I knew how you had calculated the original sum. Nobody is going to do that.

Mark Grimshaw: You will recall that, a few minutes ago, I said that we have sent out the first 1,000 claim statements. They then start going in batches of 5,000 from the beginning of next week, so they will all be out in good time for customers to be able to look at them and say, "Yes, I agree with that", or "No, I don't agree with that". All of the information will still be on the online service so, if they see something that they do not recognise or something that they want to change, then they can change it by contacting us and giving us the relevant information. There are a couple of things that have to come together so that customers have all the information that they need, and that is planned during the rest of March and into early April, so that they have a good six-to-eight-week run at completing either their online or paper application forms.

Q94 Chair: Before I bring Angela in, can I have one final clarification of this? You are sending out the breakdown of last year's payments to farmers. Will they be the same farmers who are receiving their pre-populated forms either on paper or online? That is what I want to know. I do not believe that farmers are going to fill out their new form until they know how you calculated their existing payment for 2015. Can you give me answer of yes or no?

Mark Grimshaw: Yes.

Chair: That is on the record.

Q95 Angela Smith: Forgive me if this question is slightly in the wrong place, but I hope it is not. One of my farmers has still not got his payment from the uplands Entry Level Stewardship scheme, because Natural England's mapping system cannot talk to the Rural Payment Agency's mapping system. This is an online problem. Even though the RPA clearly shows all of his holding, Natural England claims that part of it does not exist. My farmer knows that it does and he is absolutely tearing his hair out. I have to say that I am not very impressed by the RPA's response today, which is basically a defence of what it has paid out so far. That does not help my farmer, frankly. To say, "We always made it clear that 2015 would be challenging and it has proved to be so" is no compensation to him at all. The fact that these two systems are not talking to each other makes it even more difficult that this work is completed and that farmers will get the breakdown that they are looking for. How can you give such guarantees, given that the two systems are not talking to each other?

Chair: Are these IT systems just carrying on in complete isolation to one another or what?

Mark Grimshaw: No, they are not. You are talking about a historical scheme that was run by Natural England, which was based on a different set of data. That is one of the reasons behind the revised CAP approach, in terms of systems. We now have all of the mapping data on one land management system, so any applications from 2015 onwards for Forestry Commission schemes, Natural England schemes or RPA schemes are based on the land management system that is run by the RPA, but that does not apply retrospectively. That was one of the reasons why we chose to put them all on the same platform. I am very sure that James Cross, who is the Chief Executive of Natural England, would be only too pleased to pick up that particular case.

Angela Smith: No, this is the RPA's problem. I am sorry; it is the RPA that is paying my farmer. What you are saying gives an historical reason for the way things are, but it does not help to explain whether or not this is going to be sorted out in time for next year.

Q96 Chair: The point that Angela is making is that the niceties of which Department is paying what, how or anything else are entirely lost on the farmer and so they should be. Are you going to combine those systems? What is happening? Whether it is being paid by you or through Natural England, when is it going to happen?

Mark Grimshaw: I am just trying to be helpful here. If it is a historical claim for Natural England, Natural England does all of the calculations and then they present the RPA with a payment file, which says, "Pay Fred £5,000. Pay Betty £2,000." The RPA does not do the calculation. The RPA does not run the scheme. We simply make the payments on behalf of Natural England or the Forestry Commission.

Q97 Angela Smith: That does not alter the question. That is not an answer to the question. The payment is being made through the RPA. The point the farmer is making is that Natural England is saying that part of his holding does not exist, but it does. The RPA is now putting him into a complaints process, when actually he is just very frustrated. I cannot see, given this situation and the lack of consistency between the RPA's data and Natural England's data, that all of these issues are going to be resolved in time for the pre-populated forms to be issued next year. I just do not see it.

Mark Grimshaw: It depends which pre-populated forms you are talking about. For BPS, pre-populated forms will be available from a week on Saturday and they will be accurate.

Angela Smith: They will not be for my farmer.

Mark Grimshaw: I am quite happy to take this up with you separately, but you are actually talking about a different scheme. You are not talking about BPS.

Angela Smith: I am sure he will not see it that way.

Q98 Chair: We are going to move on now to the IT systems. We will bring Paul and David in now to discuss further where we are. The point that Angela makes is that, as far as the farmer is concerned, he or she receives it from the Rural Payments Agency. I can understand that, from your point of view, you are saying that this is somebody else's baby, to a degree. I can understand that, but that does no good to the farmer and it does no good to the communication. I have just one final point on these last payments before we move on to the IT systems. What sort of communication are you making to those farmers who are left to be paid? Are you making any sort of communication, are they just left in the air or what?

Mark Grimshaw: We are making a lot of communications. As you can imagine, we get a considerable amount of representation from trade bodies. In fact, we get an enormous amount of representation from the National Farmers' Union and Guy Smith in particular, who puts me and the agency under a lot of pressure to make sure that our communications are as good as they possibly can be.

From this week onwards, we are going to be looking at communicating with customers and advising them of the 21-day period during which we expect their particular claim to be paid. This is moving us quite a long way forward. One of the difficulties, because there are always unintended consequences of trying to be helpful when it comes to communication, is that you will recall I mentioned earlier on that we pay in weekly batches. What we are going to try to do from early next week onwards is to advise customers when we think they are going to be paid and of the three-week period in which we expect them to receive their BPS payments. We are down to the level now when we pretty much know, within two or three weeks, when everybody is going to get paid. That means that people will then start to say, "I've had my letter. Have you had your letter?" They will not all have had their letters at the same time, because we will be paying on a rolling weekly basis. That is directly as a result of the quite helpful pressure that Guy and his colleagues bring to my table once a fortnight.

Q99 Dr Monaghan: It is still on the subject of unpaid farmers, if I am right, Chair. Just go over some arithmetic, Mr Grimshaw. I think you said that the total claim population was 87,095.

Mark Grimshaw: That is correct.

Q100 Dr Monaghan: There are 2,242 ineligible claims.

Mark Grimshaw: Yes.

Q101 Dr Monaghan: By my calculation that makes 72,324 claims paid and 12,529 still to be paid.

Mark Grimshaw: No, we have already paid 72,324.

Dr Monaghan: Yes, that is what I said.

Mark Grimshaw: You have to add on the 2,242 that will not be paid.

Dr Monaghan: 12,529 are still to be paid.

Mark Grimshaw: That is correct.

Q102 Dr Monaghan: Can you tell us, please, what the approximate value of those 12,529 claims are in cash terms and also as a percentage of the total budget?

Mark Grimshaw: Yes. This will clearly be plus or minus close to £100 million, but the BPS fund value is around £1.43 billion and the amount paid to date is £1.14 billion. Call it £1.13 billion as it makes the maths easier, so there is about £300 million still to be paid.

Q103 Dr Monaghan: Those 12,529 eligible claims still be paid is 14.39%, but £300 million is slightly more than 14.39% in proportionate terms of the budget, is it not?

Mark Grimshaw: Yes, it would be, because we are talking about the complex and super-complex organisations, such as the National Trust and the RSPB, which count as just a single claim. The National Trust is the largest single claim that we pay, so proportionately I would expect it to be much higher as an average.

Q104 Dr Monaghan: Is it fair to say that 14.39% of the eligible claims still to be paid is not necessarily an accurate reflection of the hardship that still exists out there in the country, in terms of the £300 million still to go out to farmers and landowners?

Mark Grimshaw: No, because I do not think that, in the case of the National Trust, the RSPB or the Woodland Trust, that they are likely to be suffering hardship. They also are not typically paid until June, so I do not think it makes a great deal of difference.

Q105 Dr Monaghan: Will it not be causing cash flow problems for anybody?

Mark Grimshaw: We do not normally pay them until June anyway.

Q106 Chair: Before we move on to question 6, I think there were 9,000 inspections done last year and no one seems to have had a post land-based inspection report. Is that because the system of inspections is not getting into the system? Surely out of those 9,000 farms that had inspections some may have had problems, but some of them must have been fine. Why has it taken so long to get all that into the system? It seems to be a double whammy, as far as I can see. A lot of them seem to be taking a long time for their payment and yet they have had an inspection. Where is the logic and where is the logjam?

Mark Grimshaw: The logjam, as you describe it, is again related to functionality.

Chair: So the system.

Mark Grimshaw: I am going to call it functionality rather than the system.

Chair: In language that the common man or woman might understand, I suspect it is the system.

Mark Grimshaw: This is an add-on that is not due to be completed until April, so it was never going to be there from December through to April. That was one of the decisions that we had to take in August around prioritisation and ordering of the things that we needed to put in place in order to be able to pay as many people as early as we possibly could.

Q107 Chair: When in April is that going to be available? Is it going to be available again for those farmers who have been inspected to be able to fill in their 2016 forms? This is almost a priority now. Are people going to be confident, having had an inspection, that they will get that land-based report in time, before they make their application? When in April is that due?

Mark Grimshaw: At the moment, Chair, I am going to say during April.

Q108 Chair: Is that early April or the end of April? They have until 16 May to submit their forms, unless the times have changed. You are taking an awful lot of time away from the farmers. They are supposed to have a big window of opportunity to be able to make that claim. As far as I can see that window is getting smaller and smaller. It is going to be a slot soon, I suggest, rather than a window.

Mark Grimshaw: It will be during April.

Q109 Chair: If it did not come until the end of April, they would have 14 or 16 days to make their claim. Is that right?

Mark Grimshaw: That is correct.

Q110 Chair: Are you not going to give them any leeway? In the end, it is your problem. It is not the farmer's problem that there is all this mess. It may not be your personal problem, but it is the problem of the Government and it is the problem of the Rural Payments Agency. While I can understand that you have problems, all you are doing at the minute is transferring those problems from yourself to the farmer. If he or she gets it wrong, you will be down on them like a ton of bricks, and yet you can delay and hold up things and it is fine. What if the farmer decides, on 14 May or 16 May, "I have not had enough time to fill in my form, so I will take a bit longer to do it"? It does not work that way, does it?

Mark Grimshaw: As you know, there is a penalty period for those customers who do not submit their applications by 16 May.

Q111 Chair: What about the penalty period for the Rural Payments Agency?

Mark Grimshaw: You know as well as I do that it does not work like that.

Q112 Chair: The farmers think it ought to work like that, in fairness.

Mark Grimshaw: You will have to take that up with the EU Commission, I am afraid.

Q113 Chair: Sorry, it does not help the farmer. You have to realise that, however many problems you have, you talk about the customer and you talk about customer service. I do not think you will find that they are getting the service they should be. Do you recognise that?

Mark Grimshaw: I absolutely recognise that. It is one of the reasons why we have made as many changes as we have done, over the course of probably the last 10 months in terms of the service. You made a couple of relevant points during your statement, if I can just respond to them. In terms of the inspections activity, we are trying to break this down into the subsections of inspection. You have physical inspections and remote sensing inspections. You have physical inspections where there is no change. Those customers have been paid. You have physical inspections where there are greening-related issues. Let us not forget that there is a whole host of additional criteria in this year's scheme.

What we are recommending for this year is that customers go online. The online service went live, as far as BPS 2016, on Monday of this week for stages one and two of the process. I am sure you will want to ask me questions about how that is going to work in a minute.

Q114 Chair: It has gone live, but it does not have pre-populated forms. I think you need to explain the difference.

Mark Grimshaw: I am happy to do that. Once we go live with the pre-populated forms, which should be Saturday 19 March, then customers can make the necessary changes, if there are any changes to make. For many customers, there will not be any changes to make, because they will not have bought or sold any land and their entitlements would have been regularised through clawback this year anyway. If there are no changes to make, they are pretty much sorted and can make an application online on Saturday afternoon, if they want to. Those customers who are waiting for more information can update the online pre-populated form.

Q115 Chair: It can if they have the relevant information. If you have not provided them with that, how are they going to update their form?

Mark Grimshaw: I said earlier on that we are sending out the claim statements. The point I am trying to get to is that, by submitting an application, you still have 21 days after the window closes to make any changes that you need.

Q116 Chair: By when "the window closes", are you talking about 16 May?

Mark Grimshaw: Yes.

Q117 Chair: There are still three weeks after that. You have to submit your form, but you will still be able to make some changes. They will not face penalties in doing that over that period. Is that right?

Mark Grimshaw: That is right. The penalties only apply for a late application but, if you apply on or by 16 May, you can still make changes. I think it is for three weeks. I will have to check and I will write to you just to confirm.

Chair: This is all on record and being televised as well, so I suggest that, if farmers do have three weeks, that is fine. If they do not, it needs to be corrected as a matter of urgency.

Mark Grimshaw: Absolutely, I will check for you.

Q118 Chair: Before we leave this, and I will bring Paul in because we must move on, what has gone live now? What has gone live for 2016? If it is not pre-populated forms, what is it that has gone live?

Mark Grimshaw: The service that has gone live is the start of the 2016 application process. I am going to show you how many customers are live on this service right now, just to prove that it is actually working. I do not know if you can see that, but it actually says that, right now, there are 56 users live on the Basic Payment Scheme doing whatever they need to do. It has just gone up to 59.

I will tell you exactly what they can do. They can go on and update their personal details—name, address, telephone number and all that sort of thing. They can go on and update their business details. They can set any of the parameters around allowing to people to operate within certain constraints within their business for them, so they can give authority to various different people. They can access the land viewer. Now remember, a year and a bit ago, the land viewer was right at the heart of all of the problems that the programme experienced. You can look at all of your land using the land viewer, with aerial photography overlays, and you can go right down to a very low resolution, so you can see buildings and that sort of thing.

More importantly, they can do online entitlement transfers. That functionality is live. On day one, which was only Monday, we had 28 entitlement transfers completed for 1,231 entitlements. They can also go online and do land transfers. On Monday, there were 57 land transfers completed for 3,442 hectares. That was on the very first day of the service going live. If anybody here has tried to do either a land or an entitlement transfer historically, you will know that the process took roughly six to eight weeks. You can now do it in less than 30 seconds.

Q119 Chair: I think it is good that it is live, but the last shot I would fire at you on this one is this: why would you do these transfers until you have your pre-populated forms? Surely you do not know the situation that you, the RPA, is going to present to the individual farmer as to where their claim was last year and what is historically going forward.

Mark Grimshaw: Lots of agents will be doing this on behalf of their customers now. For those customers who actually know that they want to transfer some land, because they have sold it or they want to let go of some entitlements, because this is the year of entitlement clawback do not forget, that is all happening out there now. By a week on Saturday, so let us call it Monday week, the rest of the service will be live and functional. Importantly, that is when we said it would be. One of the things that the agency has done and that I have been very keen to make sure is that, when we say we will do something, we will do it. For the vast majority or almost all getting the applications in, so on and so forth, this has not been a great year.

Chair: Don't worry; your reason for being here is partly that you stated it clearly and also you stated it for the record. We are well aware of that.

Q120 Angela Smith: Going back to the point about inspections, the farmer I am talking about,—and he is representative of other farmers in my area, so I am not trying to push casework into the work of the Committee in any way—has not received even his basic payment. That is because he was told initially that it was because of an inspection, and then the RPA turned around to him in a further email to say that it was not because of an inspection. There is a lot of confusion around this and he still does not have the payment in the meanwhile. He has now had another communication from the RPA saying to please now claim for next year. He has not had his BPS. He has been told it is because of the inspections and then he is told that it is not because of the inspections. I suspect that this is quite widespread, Chair.

Chair: I think that on this one you will probably need to go through to Mr Grimshaw with the case and get it back to Angela in writing, please.

Mark Grimshaw: That is fine. I would be happy to do that.

Q121 Dr Monaghan: Just to pick up on Mr Grimshaw's kind offer to write to you with some more detail, it would be useful if we could have some more detail on the proportionate value of these claims. On the figures that you gave, very roughly, I calculate that the 14.39% of eligible claims still to be paid represent 26% of the budget, which is clearly over a quarter. This means that the 83% that have been paid represent just 74% of the budget. It would be useful to have those figures clarified in detail, if you would not mind. Thank you.

Chair: You have made the point before that you start paying the very simple claims, which are the same every year. Therefore you get out a percentage of claims, but you do not necessarily get a percentage of moneys out. I accept that some of the big organisations like the RSPB and others can probably afford to wait a little longer, but there are probably quite a lot of farmers out there desperate for it now. We have made those points.

Q122 Chris Davies: I have two points primarily. The first one is that the devolved nations are claiming that they have been better prepared and better organised in paying their farmers than you and your Department have. Do you accept that and, if so, can you learn from the devolved nations?

Mark Grimshaw: We can learn from the devolveds and we do. We have regular meetings with them to look at the opportunity to share information, to share best practice and to share technology. In fact, we are talking to colleagues in Scotland about the land management scheme that we currently use. Those conversations are ongoing.

Q123 Chris Davies: The second one is that you decided not to make any part-payments, whereas they have in Wales. Do you now look back on these late payments that we have been discussing all afternoon and is that a mistake now? Should you have paid some farmers part of the money or paid all your farmers part of the money in the early stages of the window, with the remaining payments coming in later?

Mark Grimshaw: The approach that we have taken has been to get full accurate payments out to as many customers as early as we possibly can. I think that that was the right approach and that it will be proven to be the correct approach, in the fullness of time. It creates a considerable amount of work and confusion for our customers, so part-payments was not something that I thought would be worth pursuing.

Q124 Chris Davies: Do you think the farmers see it as the right method?

Mark Grimshaw: I do not know. I would not want to speculate on that.

Chair: I would imagine those waiting probably do not. I think that is the answer to that particular question.

Q125 David Simpson: Mark, you are very welcome. I am sure you will understand, accept and appreciate the frustration there is within the farming community over this whole debacle about payments. I would suggest that, if you have paid out 400-odd farmers from an emergency fund, it shows the level of frustration there is. It takes a lot for a farmer to come and beg; they are very proud people. In ordinary layman's terms and for the record, can you explain to us what went wrong between the RPA and the Government Digital Service? What went wrong? How did it happen?

Chair: What was the cause of the failure to deliver the digital CAP payment system?

Mark Grimshaw: I wish I could, actually.

David Simpson: It was worthwhile asking.

Chair: The trouble is, if you cannot answer it, who can?

Mark Grimshaw: It is a very difficult area and it comes down to a difference in focus. The RPA was, and still remains, focused on getting full, accurate and timely payments out to its customers, which can be audited and considered disallowance-free. GDS wanted to do that through creating a comprehensive online capability and you would probably believe that the two things are not separate. You ought to be able to achieve both of them. That was probably where the difficulties started. From the RPA's perspective, I have to make sure that, from a UK point of view, everything we do is fully evidenced and detailed. I have more auditors coming into my organisation than you can shake a stick at. I have to be able to give them all of the evidence.

Q126 Chair: Can I stop you there? That is as read. I butt in because David was not a member of the Committee in the last Parliament, but we were sitting in this Committee—and Margaret and Jim will back me up on this—until nearly the end of March. We were told that the whole system was hunky-dory; it was all lovely; it was all working absolutely delightfully. Then all of a sudden it was pulled. What communications were you having with the GDS? Surely it was so late when it was pulled. Should you not have done more either to have the system either put right or pulled before?

Mark Grimshaw: This is one of those rock-in-a-hard-place things. If I had waited any longer, then we probably would not have been able to get the paper application process in place and get the BPS 2015 applications in. The Secretary of State was very keen to make sure that we did not let our customers down, as we have always been. We managed to get 87,000 applications in through that process.

Q127 Chair: That is good news, but why was it not pulled before? Why did you not advise Government before that time? Perhaps you did and they did not heed it. Why did it take until virtually the end of March last year before this decision was made? This is quite fundamental. It is fundamental that the system did not work, but it is also fundamental why it took so long. What was your contribution to the new system and what advice were you giving to those who were delivering it?

Mark Grimshaw: First, I ought to just point out that it is not the case that the system does not work. The system does work. We have demonstrated that the system works by paying 72,500 customers.

Q128 Chair: No, I am talking about the system in which the farmers were going online, registering and were going to do the whole thing. Right up until less than a year ago, it was going to work, and then it was pulled. I cannot believe that you did not believe before the end of March last year that that system was not going to work. You are not the man I thought you were if you did not think that, so what sort of advice were you giving?

Mark Grimshaw: I was giving the advice that we were likely to have some problems with BPS 2015 applications. On 16 March, as I am sure you will recall, I was given responsibility for rebasing the approach.

Q129 Chair: At what stage were you giving that advice to Government? You must have given that advice before 16 March.

Mark Grimshaw: I think I would be prepared to say for some considerable time.

Q130 Chair: What is "some considerable time"? Is it one months, two months or three months? What do you mean by "some considerable time"?

Mark Grimshaw: It was probably more than a month and less than a year.

Q131 Chair: I do not think you would get away with that in a court of law. That leaves us 11 months in between, does it not? You have to be a little bit more forthcoming with us than that, if I could be so bold.

Mark Grimshaw: I was raising concerns about the approach for some considerable time.

Q132 Chair: Would it be fair to say the end of 2014 or before then?

Mark Grimshaw: It was towards the end of 2014. I am getting old now and losing track of time.

Chair: I hope you are fit for purpose for the job you are doing and I believe you are, so I do not think you can have it both ways. Jim, you wanted to come in.

Q133 Jim Fitzpatrick: It is just a small observation, if I may, Chair. As you said, this is a very similar story to last year and a very similar story to the year before. Forgive me, Mr Grimshaw, when I was Minister of State at Defra and I was in charge of RPA, in 2009-10, it was an identical story to that. No disrespect to you, but the people who were in charge of the RPA then, I watched and spoke to almost daily for the best part of a year. They were working their socks off to get money out to the farmers. You are quite clearly saying exactly the same thing. All your people are working as hard as possible to get money out to farmers but, every year, we seem to be in the same position and do not achieve it. That is what is so frustrating for us and it must be frustrating for you, so how do we get to a position where you deliver that which you want to do and we do not have to have an inquiry every year?

Mark Grimshaw: It is a very good point, Mr Fitzpatrick. I would imagine that 2005 is the period that you are referring to. In the last three years of SPS, which were the first three years of my tenure in the agency, we had a good system that worked pretty well doing all the things it needed to do. It was not fit for purpose for BPS 2015 and all of the changes that were brought in by the EU and some of the changes that were made nationally, so it was a brand new system.

You are probably not aware of this, but my background is that I spent 12 years in Cable & Wireless. I was their Senior Vice President for global service delivery, so I have dealt with a few system issues in the past. I have yet to find a system much bigger than an Excel spreadsheet that goes in right first time. We have experienced a number of challenges this year and we have had to put in a number of work-arounds, but all of our customers will be paid during the payment window.

Q134 Chair: Just to interrupt you there, if, for argument's sake, it was November of 2014 that you raised difficulties with this system, if you had been listened to at that stage and the system had been pulled, would we now have most of our farmers paid, if not all of them? Therefore, whoever was at fault, the reason that the system did not work and it was delayed before changing the system to what you brought in has cost the farmers dearly. The Government waited too long. Whose fault was that? Was it your fault? Whose fault was it?

Mark Grimshaw: I do not think that we can do anything other than speculate as to what might have been an outcome. Where we are is the stepping-stone year that I talked about last time I was here. BPS 2016 will be and is already much better than BPS 2015. I absolutely want to get the agency and its performance back to the dizzy heights of 2014, not just for our customers, but for the sake of all of my people as well. They do not want to be in a position where they are not delivering for customers.

Q135 Chair: It is perhaps not for you to personally apologise, but do you recognise that it is for a Government system to apologise to those farmers? The system was not pulled on time and, therefore, it is the farmers who have suffered in the end. Government will not suffer, because the taxpayer will pick up the bill on this whole fiasco, rightly or wrongly, and yet farmers are still waiting for their payments. I am pretty certain that, if that had been pulled four months earlier, then all the farmers would have been paid by now. I will bring Paul in, because he has been waiting. I am sorry.

Mark Grimshaw: Clearly you are entitled to your view on whether or not that is the case.

Chair: I am. You are indeed right.

Mark Grimshaw: I am on record at the end of the last Public Accounts Committee hearing into this subject as apologising to our customer base for the stress and anxiety that has been created over the course of the last 12 months. I am absolutely focused on making sure that we do not have those problems again in the future.

One thing I will push back on, however, is that I do not think the IT system is or will be a fiasco. I think it is absolutely the right IT system with absolutely the right capabilities, perhaps not deployed in the most sensible manner. In 12 months' time, either my successor or I will be sat here saying, "Do you know what? It's looking really good for this year. Didn't we do a brilliant job paying everybody in December last year?"

Chair: I do hope you are right. You are on record.

Q136 Dr Monaghan: Picking up on this issue, we are anxious to try to identify responsibilities and accountabilities. You have described your role today as one of raising concerns about the development of the system and withdrawing it. We have notes in front of us that highlight that the Public Accounts Committee recently published a highly critical report. It was very critical of you personally, it seems, suggesting that you personally were responsible for breakdowns in personal relationships between your staff and the Government Digital Service, which resulted in significant cost overruns and the ultimate failure to fully deliver the programme. That would seem to be beyond you simply having a role in terms of raising concerns. Could you enlighten us as to which is the true position?

Mark Grimshaw: In terms of the PAC report, which I think was sensationalised by the Chair of the Committee at the time, by adding in the word "childish", which does not actually appear in the report, there were some tensions between the three bodies concerned, namely, the Rural Payments Agency, essentially as the customer of the CAP delivery programme, which was a Defra function, and Government Digital Services. Yes, there were very much some tensions out there, but tensions no greater than those that I have experienced in the private sector, where people want to make sure that the best service is delivered for their customers.

Q137 Dr Monaghan: Who was responsible, then, for the significant cost overruns and the ultimate failure to fully deliver the programme?

Mark Grimshaw: I am not sure it actually comes down to an individual person. There were lots of decisions taken over a period of probably 18 months that may have taken the development into an area that was not as productive as it could have been.

Q138 Chair: Are all of these just unfounded rumours and is there nothing in it?

Mark Grimshaw: I imagine that the PAC report, which was conducted for them by the National Audit Office, has some basis in truth and reality.

Q139 Dr Monaghan: You will clearly appreciate that this is a major project and a major item of significant expenditure on the part of the UK Government. We would like to know who was responsible for the failings. You are a key individual in this whole process and you cannot identify who is responsible for the failings to date.

Mark Grimshaw: During the life of the CAP delivery programme, there have been four senior responsible officers. Their names, titles and tenures are all on record. I took over as the SRO in May of last year. As the Secretary of State said on *Farming Today* on Tuesday of this week, she now holds me fully responsible for all activities and I take that responsibility very seriously, on behalf of all of my customers. I took that responsibility in May of last year.

Q140 Dr Monaghan: Was the Public Accounts Committee's report, which was critical, evidencing the fact that you were showing leadership and making demands on other organisations to deliver this programme or evidencing that somebody was being difficult and childish?

Mark Grimshaw: The report did not actually say "childish".

Dr Monaghan: You have highlighted that.

Mark Grimshaw: I much prefer the demanding and leadership-based lens that you have referred to in order to get outcomes for our customers.

Dr Monaghan: You were doing a difficult job, being challenging and making sure that targets were met and timescales were adhered to.

Mark Grimshaw: Yes.

Q141 Chair: The leadership of the programme was Ian Trenholm and Liam Maxwell. Where was the breakdown in communication?

Mark Grimshaw: That is not strictly the case. Ian Trenholm was the first of the SROs. Norma Wood came in as temporary SRO and then Liam Maxwell was brought in once the issues were identified.

Q142 Chair: There was a breakdown in communication, even if I leave it as simple as that. We have to drill down on this. Where was the breakdown in communication? Are you entirely innocent in all these matters? Where is the breakdown?

Mark Grimshaw: Again, as I said to the Public Accounts Committee, one of my regrets was not being able to get the message through to the SROs of the programme around the requirements that we actually had.

Q143 Chair: Who was it within that programme that was not listening to you then?

Mark Grimshaw: I suspect that, at certain times, most of the people in the programme were not listening, but the relationship that I would have had would have been with the other SROs.

Q144 Ms Ritchie: You have just said, Mr Grimshaw—and I am translating what you said—that most of the people were not listening. Is that a failure of your leadership?

Mark Grimshaw: Do not forget that I was not leading the programme. I was a recipient of the programme up until May of last year.

Q145 Ms Ritchie: What were the levels of communication between you and those who were leading on the programme and working on the programme? The National Audit Office has stated that the culture at the Rural Payments Agency negatively impacted on staff morale and stress. What steps have you taken to resolve this and what measurable results have you had?

Mark Grimshaw: The results actually speak for themselves, in the fact that we have a service that works, the fact that we have an online service that works and the fact that we are actually delivering.

Chair: In fairness, you are not answering the question. You are going on to what has happened and we applaud you for that, but what we are trying to get to grips with is what happened and why it took so long for you to be able to get to grips with the situation. Who was it? Why was it that nobody was listening to you or was it that you were not giving them the right information to stop the system sooner? Where is it? This is what we cannot understand. We know there is something there.

Q146 Ms Ritchie: Do you agree or disagree with the report from the National Audit Office and the Public Accounts Committee?

Mark Grimshaw: Do I agree or disagree with it? There is a degree of truth in it. Some of the language that they use is sensationalist but, right at the heart of it, there was a breakdown between those of us in the agency who knew exactly what it was we needed for our customers and others who were perhaps driven by a different set of motivations.

Q147 Simon Hart: The Public Accounts Committee is not famous for making exaggerations, and hysterical and emotional comments, by and large. It is a pretty steady ship and you have just described their report as only containing "a degree of truth", which suggests to me that there are several degrees of inaccuracy or untruth. I think that is an extraordinary statement to make about the Public Accounts Committee and I would like to hear you justify that. You have described it as sensational. It is probably the only time that Committee has ever been described as sensational.

More importantly, and it is a repetition of what other Members have said, there is a comment that refers to "dysfunctional and inappropriate behaviour between senior programme officials", which "impacted on implementation and delivery, potentially costing the taxpayer hundreds of millions of pounds of financial penalties", and "Mark Grimshaw was not able to provide us with an acceptable explanation for that [behaviour], which was unacceptable for highly paid public servants". The impression that you have given me here is that, "They are all wrong; we are fine; there is nothing to see here. It is nothing to do with me and I do not know what all the fuss is about." I cannot square that. What have I missed? Is none of this to do with you?

Mark Grimshaw: I do not think I have said that none of this is to do with me. The issues that Dr Monaghan pointed out are accurate. I know exactly what was required to deliver the service. I set out my expectations of the programme, which the programme struggled to deliver to. I was the one who actually declared the breakdown around the service early in March, which fortunately the Secretary of State responded to very quickly. I recognised that there was some noticeable difficulty between the programme team and the senior executives in my agency, in areas such as IT delivery, design and HR. I am sure that that would have created some active tension within the programme.

Q148 Simon Hart: On the basis that there is no such thing as bad soldiers, only bad officers, you were the guy in charge of that. It was your responsibility to deliver morale, enthusiasm, professionalism and results. You have given the impression, and tell me if this is wrong—I hope I am not being as unreasonable as I may sound—of saying, "I just gave the orders and these guys were not able to fulfil those orders, so what do you expect?" There is something that I really do not like about this conversation this afternoon, and I cannot quite put my finger on it. You have said that the Public Accounts Committee was essentially wrong, and exaggerated and sensationalised your role in this. In a sense, all I am asking you to say is, "Yes, I was in charge. I take full responsibility for all of the morale and professional delivery issues in that Department. Love it or loathe it, the fish stinks from the head. I am the head. I take that responsibility." If you said that, I would go and have a cup of tea.

Mark Grimshaw: First, I did not say that the Public Accounts Committee was wrong.

Q149 Simon Hart: You said that their report contained "a degree of truth". That is tantamount in my layman's language—I am sorry to labour the point—of accusing that Committee of not being wholly accurate.

Mark Grimshaw: I am certainly not in the position of accusing the Committee of being inaccurate. If those were the words that I used, then I will recant them here and now. On the point about the leadership issue, again I would just remind you that I was not in charge of the CAP delivery programme until May of last year. I was in charge of the Rural Payments Agency, which was the customer of the CAP delivery programme, not the leader of the CAP delivery programme.

Q150 Chair: Just one final point on this: Sir Amyas Morse, the Comptroller and Auditor General, said—and I will not do the whole quote from the National Audit Office——"It is very rare for the National Audit Office to report personal behaviour. It has done so here. It is most unusual to have an extensive comment on behaviours that were distressing to staff and visibly confrontational." Therefore, there must have been some real confrontation that people must have seen within the whole department. Why was this? The point that Simon makes is that, at the end of the day, you are the head of the Rural Payments Agency. Why did your position not prevail? Who was it who was causing the problem? Should you have given advice sooner? Could you have worked with these people better? This is what we want to know and yet nobody is being entirely truthful, either with the Public Accounts Committee or with us, I feel. Is that being unkind?

Mark Grimshaw: I do not necessarily think it is being kind or unkind. I was not in a position to have my opinion prevail, as you have just suggested. Again, one of the things I said to the Public Accounts Committee was that my biggest regret was not being able to get over to the programme the requirements of the business from a delivery and functional perspective, when I could see that things were not going as they needed to be progressing. That is a concern that will live with me for many years. As a personal failing, I was not able to communicate. I was not able to get senior people to recognise that the programme was in difficulty.

Chair: Was that your fault or was it their fault? Who was it? You will not say, will you? Nobody wants to say what the situation is.

Q151 Dr Monaghan: Listening to you, Mr Grimshaw, we are anxious to try to understand the issue here. Is it the case that the failure of the programme was not the responsibility of an individual, but you were confronted by systemic structural inertia that was simply related to a project that was badly designed, badly structured, and poorly managed and progressed?

Mark Grimshaw: It would be easy for me to say yes to that and there are certain elements within your statement that are pretty accurate.

Q152 Chair: Which parts of Paul's statement are accurate then? You are stirring this around. You are giving us indirect answers, if I may say so.

Mark Grimshaw: Of course you may. In terms of the programme direction and the programme plan, it was not as robust as it would have been if it were being run within the RPA. The difference from March onwards you can see with your own eyes. Prior to that, it was incredibly difficult to get the traction to get things to change, because there were other agendas that were running, the Digital by Default agenda for instance, which almost had a life of its own. It was very difficult to challenge. It was very difficult to get people to recognise that there is no requirement in EU legislation for a web-enabled front end. There is a requirement for a detailed audit process. They are different approaches to the challenge.

Q153 Angela Smith: I have a very simple question, hopefully, which will get a simple answer. You mentioned customers earlier on, Mr Grimshaw, and described the agency as a customer. Many of the people watching this on television today will be the real customers—the service users, the farmers. I am sure their question would be: who is accountable to us for the failures that materialised last year? In the end, who is responsible and who is accountable for what went wrong? No spooning and ladling between who did things wrong for this bit and who was wrong for that; in the end, who was responsible?

Mark Grimshaw: You want a simple answer.

Angela Smith: From the point of view of the farmer.

Mark Grimshaw: Yes, absolutely. I will make a statement and then you will see where I am going, in terms of the answer. Typically for a programme of this nature, you would have a senior responsible officer who would take it all the way through to delivery. You would say that that SRO was responsible for the success or the failure of the programme. Because there have been four in this programme, it is actually very difficult to say that, during that person's watch, the programme did or did not achieve what it was supposed to achieve. The simple answer to your question is that it is always the SRO.

Angela Smith: There have been four, so they are all responsible.

Mark Grimshaw: I agree.

Q154 Chair: The Public Accounts Committee suggests that these actions that happened between the Departments cost "millions of pounds in financial penalties". Is that correct?

Mark Grimshaw: I think they say "could". It has not and it is unlikely to, because of the disallowance protection that we have now built in.

Q155 Chair: We will leave that one there then. We hope that you are right, and you are on record as saying that. The second part is: was anyone disciplined or fired for these "dysfunctional and inappropriate actions that were unacceptable among highly paid public servants"?

Mark Grimshaw: Are you still quoting from the PAC?

Chair: Yes, I am.

Mark Grimshaw: I do not believe that any of the highly paid civil servants that you refer to were fired. As you know, it is not that straightforward to fire civil servants, but a significant number of contractors who were working on the programme were released.

Q156 Chair: The final part of this question is this: what have you done now to rebuild relationships with the Government Digital Service since Liam Maxwell stepped down as SRO. We have given you a good grilling, but how are you rebuilding the whole thing?

Mark Grimshaw: I do feel more on the well-done side than medium-rare. The relationship with GDS is a good one at the moment. We do not meet all of the GDS standards for the launch of a new service and they accept that. There are a number of small areas where we will continue to evolve and develop over time. Right at the heart of this, and in fact you can condense the whole challenge down to this: we have a service that does what it says on the tin and can be used successfully by our customers. It might not be the most imaginative, the most creative or the most intuitive, but it does what it needs to do in order to protect the country from disallowance, to allow farmers to make an application and for us to be able to pay them accurately and on time.

Q157 Chair: Do you accept that, in the long run, a digital service is right and needs to be delivered?

Mark Grimshaw: Absolutely.

Chair: You were not one of the people holding this back, were you? This is what we are trying to get to grips with.

Mark Grimshaw: Goodness, no. In fact, last time I came here I talked about a development of Digital by Default to Digital by Design, Practical in Application. Many of our farmer customers are not as IT-literate as some other areas of industry, so we have to come up with something that is practical for everybody. The only way that we will achieve our savings in terms of efficiencies is by taking as many services down the digital route as we possibly can.

Chair: Can we move on to question 9 then, Angela, please?

Mark Grimshaw: Have we only had nine questions?

Chair: We have made sure we have given you plenty of meat in each question.

Q158 Angela Smith: It is thematic. The Public Accounts Committee concluded last week that the Government Digital Service sought to go beyond EU requirements in introducing an IT system that was inappropriate for farmers who have a lower-than-average level of digital literacy than the general population and relatively poor broadband connections. Now, I might quibble with the wording, and the fact that they have poor broadband connections may explain some of the digital literacy problems. My question to you is whether a fully digital solution is feasible or sensible, given the problems that we have with broadband connectivity in rural areas. Mine is 606th out of 650 constituencies for broadband connectivity. Farmers have huge problems with this. Is it sensible, given some of the problems that the PAC has identified—and I want to try to be sensitive around this—around the farmers' ability to use the packages, which I am absolutely sure is connected to their lack of access in the first place to IT capabilities?

Mark Grimshaw: Having at the heart of the solution a digital capability is absolutely the right thing to do. You will wrap around it the customer access requirements that you need for your different customer types. This year, we will be sending out 21,000 paper application forms. They will come back into a processing centre, where they will be keyed into the service and, from that point on, they become digital applications. As far as the farmer who sent the paper application form in is concerned, it is a paper application, not an online application but, from the moment it is keyed into the service, it becomes digital all the way through to payment.

Q159 Angela Smith: In terms of poor connectivity, sometimes it is not that they have not got any connectivity at all, but connectivity is quite poor. What is the plan for dealing with that? They clearly will not get the invitation to submit on paper.

Mark Grimshaw: The approach that we have taken is that everybody who applied online in 2014, which was the last year of SPS online, has been re-invited to apply online for this year. We know that they can do it because they have done it previously. That then leaves the 21,000 who did not. They are being invited to apply on paper but, when they get their pre-populated paper application form, they will also get a "how to apply online" and they will also be invited, if they wish to, to go to one of our online support centres.

Q160 Angela Smith: Finally, there is a cultural issue around some of this and part of it is about the lack of infrastructure, as I have already said. On that basis, do you think it is feasible ever to go to a fully digital system? Do you have a timeline for doing that or is it an aspiration?

Mark Grimshaw: Is that fully digital in terms of the application process?

Angela Smith: That is what I meant, in terms of the initial application from the farmer.

Mark Grimshaw: It is very much dependent on the roll-out of digital broadband. It is also dependent on the capabilities of the customer base. We are required through EU legislation to make a range of application processes available to customers, so I think there will always be—"always" is far too long, but certainly for the next three to five years there will be a paper application route.

Q161 Chair: I have one final question on future management of the project. Will the programme be delivered fully on its revised budget and giving value for money in time to make the majority of next year's CAP payments on 1 December this year, yes or no? I will give you three words, being generous.

Mark Grimshaw: Yes.

Chair: That is on record. Thank you very much. There are a few loose ends, which I would like you to give us in writing, if you would, because we have taken an awful lot of your time. These are loose ends for 2015. Can you give us an update on the corrections of incorrect payments issued, handling challenges and complaints from the BSP 2015 claim process, and finishing off non-payment impacting mapping work? The RPA will not have finished all of this work for 2015 until later. What about adjusting commons claims for Minchinhampton and repayments of 2014 SPS financial disciplines money by June? We will give you those all in writing. We would like some written answers.

Before you go, can I thank you very much for coming today? You have been put through the mill, but I suspect that you rather suspected it. I will put on record our thanks for the work that you have done to deliver the payments you have done. What we have not quite got to grips with is exactly who is to blame for the failure in the system, but we have reinforced this afternoon is that it should not be the farmers who have to pay for this in future. You are on record as saying that the majority of the payments—hopefully 90% to

95% of the payments—will be made by the end of December 2016 for the 2016 claims. We look forward to you delivering that. Like I said, thank you for coming this afternoon.