HOUSE OF COMMONS

Environment, Food and Rural Affairs Committee

Oral evidence: Performance of the Rural Payments Agency, HC 907

Tuesday 21 March 2017

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Watch the meeting

Members present: Neil Parish (Chair); Chris Davies; Jim Fitzpatrick; Simon Hart; Kerry McCarthy; Dr Paul Monaghan; David Simpson.

Questions 1 - 65

Witnesses

I: Paul Caldwell, Interim Chief Executive, Rural Payments Agency; Mark Ashenden, External Relations Director, Rural Payments Agency.

Examination of witnesses

Witnesses: Paul Caldwell and Mark Ashenden.

Q1 **Chair:** Good afternoon, gentlemen. Thank you very much for joining us for our second panel, regarding the Rural Payments Agency. Paul, if you would like to start off by introducing yourself, and then Mark, and then we will carry on with our evidence session.

Paul Caldwell: Good afternoon. My name is Paul Caldwell. I am the acting Chief Executive Officer for the Rural Payments Agency.

Mark Ashenden: Good afternoon. I am Mark Ashenden. I am the interim External Relations Director at the Rural Payments Agency.

Q2 **Chair:** Paul, you have taken on, for the time being, the role of Mark Grimshaw; is that right?

Paul Caldwell: That is correct.

Q3 **Chair:** Good. Thank you for coming this afternoon. The first question is about how many claimants of the Basic Payment Scheme for 2016 have yet to be paid.

Paul Caldwell: Of those that have yet to be paid we have got 2,546, which represent about 3%. We have paid 96.4%, which excludes a number of payments where the work is complete but we cannot make the payment for reasons such as probate issues where it falls to others to pay, which would take us to around 97% of those being paid. We continue to work to pay the remainder of those, and we very much want to see everybody paid.

Q4 **Chair:** I have a number of farmers from Tiverton running up towards Crediton who have yet to receive their payments. I have commented several times to your agency. It seems to be that they have inspections, and I think the inspections are okay, but it has slowed up the system. They are now saying to me that the Rural Payments Agency is taking it out on me, making sure that farmers in my constituency are not paid. I am sure that is not the situation, but the trouble with all these figures is that whenever I go to an NFU meeting, I find quite a number of farmers who are yet to receive their payments. It really is a very worrying situation.

Paul Caldwell: I do not want to diminish that at all. What I would, though, like to point out is that I sat here alongside Mark Grimshaw a little while ago and we were talking about whether we would make 90% in December and whether we would make 93% in March. As I sit here, we have exceeded both of those and indeed we have exceeded the latter by about 4% and delivered two months early. That does not change the fact that we are focused on paying the remainder, and we are working very hard to do that. It does contextualise the numbers, and it is quite natural to then focus on the numbers that have not been paid. You then get down to individual cases.

Q5 **Chair:** Why is it when the farmers have an inspection, even if the inspection has been fine, it seems to slow the whole process up? If you follow these cases all the way through, you will find they follow the same pattern. If there has been any type of inspection, mapping system or whatever, the whole system seems to grind to a halt as far as the farmers receiving their payment. Why is this?

Paul Caldwell: We have always had the situation where cases that have been inspected have taken longer to process than those that have not. That has been the case under the previous years prior to BPS. The reason for that is that all of those inspections involve a lot of detailed information; sometimes that involves activity on the parcels right down to a very small and detailed level. That is a requirement that we have to undertake, and therefore we have to put that through the proper process to make sure that we get it right.

We want to make sure that we get it right, so we do these things very carefully. Often it results in a potential penalty incurred on the claim. Nobody at the Rural Payments Agency want to see farmers penalised unduly, although we have to pay regard to the public purse. We do quite a lot of checking on these things.

Chair: You can understand from the individual farmer's point of view, if you have had an inspection and you have been though all that process, and especially if they have found no problem and there is still a late payment, it is almost like rubbing salt in their wounds. They have had the whole process of having someone coming and looking. I know that you have to do a certain number of these inspections, but the whole thing seems to then wait and wait and wait for their payments. The answer that it happened under the old scheme is not sufficient. You heard the last session of evidence. I would not go there, if I were you. I would not go back historically; we have to move forward and we have to deal with these things a lot more quickly.

Paul Caldwell: You asked me, Chair, why they take longer, and I am just pointing out they take longer.

Chair: I do not want the history. I want the forward thinking, not the backward thinking, please.

Paul Caldwell: They do take longer. We have managed to bring forward that activity compared to this time last year, for example. We said we would not differentiate customer segments on the basis of targets, and I do not believe that we have done so. We have paid, relatively speaking, high percentages of customers, whichever group that they fall into. It is true that inspections tend to take longer and tend to be more complex. There is not that much that I can do to alleviate that except to get better at the whole thing and keep bringing it further forward. Whether we are talking about who gets paid in early December and who gets paid in late December, there will always be sequencing to the activity.

Q6 **Chair:** We are now near the end of March and there are still people left to be paid. I worry that it is too much. It has always been difficult and it carries on being difficult. That does not put the situation right, does it?

Paul Caldwell: It does not diminish from the fact that we wish to be better. We wish to bring that activity forward. We have done so and we continue to do so. We will continue to bring that activity forward next year also. The fact of the matter is not only is there more to do but we have to physically visit all the farms and then get those farms back in, which often takes us right up to a date close to the winter. We are respectful of things like summer activities in agriculture, and we continue to want to do that.

I recognise that if you are one of those 2,500, you are now potentially watching this and saying, "What about me?" One of the things that we have tried to do since I last came here is to communicate better with people. I undertook personally to get involved in commons, for example. I can foresee we will need to do something more similar in inspections. The Secretary of State announced at the NFU conference bridging payments at the end of this month, so that there could be certainty around what happens come the end of March. That does not diminish from the fact that we will continue.

Q7 **Simon Hart:** On the question of targets, you mentioned that 93% were to be paid by November. Is that the figure you used?

Paul Caldwell: We committed to 90% by the end of December and 93% by the end of March.

Q8 **Simon Hart:** Was that the commitment you made at the beginning of the year, or was that a revised commitment?

Paul Caldwell: That was done under duress in this Committee by Mr Grimshaw.

Q9 **Simon Hart:** That is my point, really. Rather than label it as a success, in fact it was actually a figure that was in response to an earlier failure. Is that right or wrong?

Paul Caldwell: I do not want to take this in terms of success or failure. I will not be happy until as near 100% as we can possibly get of farmers are paid. I would point out that had we not met those figures then this would certainly, I am sure, have been quite a grilling for me.

Q10 **Simon Hart:** That is understood; I get that. In terms of the target as we move forward, you have just indicated that you want to achieve a 100% result. What is your target? Part of your internal objectives is to pay 100% of farmers by when?

Paul Caldwell: I am not going to commit to that, I am afraid. It is for Ministers to consider targets.

Chair: Your predecessor was quite keen on targets. Surely if you go away from targets the situation may get worse rather than better.

Simon Hart: It is interesting, and I think we can push you a bit, because you mentioned the bridging loans as announced by the Secretary of State. Most farmers will look at that with a pretty heavy heart and think, "Why the hell do we have to go through probably quite a laborious process?" It is probably quite criteria-heavy. Actually, what that is is a response to a failure, as some would see it, on the part of the agency to have met the objectives that it had set itself.

Chair: We have a detailed question on bridging loans in a minute.

Q11 **Simon Hart:** Okay. Someone will ask you a detailed question about bridging loans, but whether they do or whether they don't, the point is we cannot sit here and just say, "It is up to a Minister to set the target". Presumably a Minister will set the target based on advice that the agency gives them. If the Minister was to ask you for your advice about what is a reasonable target to have paid all farmers and the date, what would your answer be?

Paul Caldwell: I would advise the Minister that it is not sensible to commit to a particular date that became a singular focus. The reason I say it is not sensible is that I think there are lots of ways that we need to improve this year. We have got a lot of priorities and to pay as many people as possible is one of them. We are committed to being better at what we do and to give a better service.

Q12 **Simon Hart:** I am sorry to interrupt, but do you accept that farmers listening to this will say, "Hang on a minute, we have to meet a deadline for our tax return. We have to meet a deadline for our applications for this. We have to meet all sorts of deadlines around contractual arrangements with retailers. We cannot say, "We will do our best to meet an unspecified date and we will see how it all goes.'"

If they did that they would be whacked with fines from Inland Revenue, they would lose their contract with Tesco and all that sort of stuff. Why is it okay for them to have to adhere to often very challenging deadlines and public statements of intent, whereas you see to think that it is okay for you to say, "I do not want to do that in case we miss it". That seems to me to be one-sided.

Chair: It is quite weak, is it not?

Paul Caldwell: I am not saying that I do not want to do it in case we miss it. I am saying that I think it is possibly unhelpful to focus on one aspect of the service.

Simon Hart: It is the only aspect of the service that matters to most farmers.

Q13 **Chair:** Politically and to the farmers, that is the only issue. You all seem to be obsessed with your process and how you deliver it. The rest of the world is not obsessed with your process and how to deliver it. All they want is their payment. It is quite simple, and that is what we politicians want as well. You are there to deliver it and not to give us a load of baloney about how difficult your system, which you have set up, is to deliver.

Paul Caldwell: With respect, Chair—

Chair: I do not want "with respect"; I want an answer.

Paul Caldwell: I sat here and you asked me about improving our customer service and giving a more personal service. I have seen you talk about disallowance and our obligations to bring down the bill to the taxpayer. We just heard how we want to collaborate with our colleagues in Natural England to bring about improvements to that service, and we may or may not come on to the fact that we are participating more closely with the Department in making preparations for EU exit. I absolutely accept the need, and am committed to trying, to get as many farmers paid as quickly as possible. I believe we have set a high bar, and we will continue on that path.

Q14 **Simon Hart:** You say you have set a high bar, which is great. I am genuinely trying to extract helpful points. That is fine, but we do not know where that bar is because you refuse to tell us. Where is that bar? We have to be able to measure something against something. At the moment you are just saying, "We will do as best as we can as quickly as we can for as many people as we can". That is not setting the bar high. That is a general statement of goodwill. The Minister will have to account for your successes or failures, so it would seem reasonable to me that you should be equally keen to be accountable and give us something to measure your success against. I do not understand why you are so reluctant to do that.

Paul Caldwell: I believe it is reasonable to do so in consideration of all things. You asked me what advice I would give. I would want be able to consider all things and then give the advice on that basis. The reason that I pursue this in the way that I have is that I do not think it is overly helpful, because the be all and end all becomes that figure irrespective of other things.

Q15 **Chair:** Your solution is to take away all targets and then you will not miss them. Are you rowing away from the 90% by the end of December? Where are you on all this?

Paul Caldwell: I am not rowing away from anything we have done to date.

Q16 **Chair:** What is your target? Do you have a target?

Paul Caldwell: At present that is still under discussion, and I am not rowing away from anything that we have done up until now. I am committed to us being better than we have been before.

Q17 **Chair:** The answer is at the moment—and I want a straight answer—you have not got a target for this coming year on how many farmers you will pay in December. Is that the answer?

Paul Caldwell: As I sit here, I have not agreed a target for this coming year.

Q18 **Simon Hart:** When you do agree a target, is it something that you will share with the world? I am trying to look at this through the eyes of farming unions and representatives who may be looking at this. I ask myself the question, "How will they react to these answers?" If we were to accept that you cannot or will not do it now, when do you anticipate being able to go public with your ambitions?

Paul Caldwell: I would anticipate having the appropriate discussions in our business planning round and publishing them as part of our objectives for the year.

Q19 **Simon Hart:** What date is that?

Paul Caldwell: I would have to get back to you. There is a timeline by which we lay down our business plans.

Q20 **Chair:** I suppose we would not expect a worse rate of delivery, would we, in December than previously? Are you trying to soften us up for that? Where are taking us with all of this?

Paul Caldwell: I would not expect a worse rate. I am not rowing back from our present achievement.

Q21 **Chair:** You would expect a better rate then.

Paul Caldwell: I want to improve on our present achievement, but I am not prepared to commit to a figure.

Chair: Chris, you have been waiting to come in.

Chris Davies: I am not quite sure where this is going, Chair.

Chair: I do not know either.

Q22 **Chris Davies:** Before I ask what I was going to ask, I have sat here previously and asked one former Secretary of State and one current Secretary of State if they had confidence in your predecessor. I am wondering if you have not been given any targets and you are negotiating your own targets, should the current Secretary of State have confidence in you.

Paul Caldwell: I believe that she should, and the reason I believe she should is because I have extensive experience in this arena. I was brought in to a role in November of last year, to deliver a set of targets that were set. We not only have achieved those but we have exceeded those. I gave some commitments to people here over the improvements that we would bring about, which I have referred to with those targets, in the way that we deal with people and in the way we work with stakeholders. I believe I have demonstrated those things, so I believe she should.

Q23 **Chris Davies:** I must say so far, Mr Ashenden, you have sat there very quietly. As the head of external relations, I assume you are a very busy man, trying to defend the rest of the Rural Payments Agency. I will not come to you for a second, if I may. Mr Caldwell, there is X amount—and it is disputable how much you have not paid yet and how much you are going to pay in the future, etc. Is it yet again constituents like mine, the ones who have cross-border farms or the ones who are involved in commons, who are still going to be at the end of the queue when it comes to payment this year?

Paul Caldwell: I said before, and I will say again, that we have not prioritised one group over another. There is evidence for that, if you want it.

Q24 **Chris Davies:** I am going to stop you there for a second, because your predecessor was sitting there this time last year—probably a lot earlier than this time last year—saying, "Due to difficulties, they are at the back of the queue." Are you now telling me that this group is not being penalised?

Paul Caldwell: We have paid around 96% of commons, which is commensurate with the 96.4% in general. That demonstrates that they are not at the back of the queue.

Chair: I will come in and help Mr Caldwell here, because I have not been terribly helpful to the witnesses this afternoon. I have worked with you out of Exeter, in terms of the work that you have done with the commoners. I think the situation has improved greatly. I am not saying there is not more to be done, but you have actually met a lot with the commoners, which is a lot better than it was previously. Improvement has happened there.

Chris Davies: I would trust those words coming out of Mr Caldwell's mouth, but they are coming out of yours, Chair; they must be absolute gospel.

Chair: Get on with it. You are not even down on the list to ask the question.

Paul Caldwell: We have made good progress and paid a number of cross-border claims. I have not got the exact figures, but Mark might be able to get us those in a moment. There are a number of cross-border claims that are for others to pay of course. Where we can pay those they are certainly well in hand. We have had difficulties. The bulk of the remainder we have spoken about is to do, as the Chair has pointed out, with the inspections. That is one of the things that I would want us to focus on improving next year.

Q25 **Chris Davies:** Your predecessor, when he made statements like that and then we had problems—and in constituency surgeries we deal with these issues—in fairness gave me his mobile number. We were able to ring him and he was able to look at it, and he did do the investigation for us and come back to us. Are you prepared to put your neck on the line and do exactly the same?

Paul Caldwell: I am happy to give you my mobile number.

Q26 **Chair:** That was a very useful question. Well done, Mr Davies. I will ask the second question because Margaret has had to leave. The Secretary of State has offered bridging loans to farmers who have not been paid by the end of March. This should not be too many, should it? How many are you expecting to pay with bridging loans? It looks like it will be some of my farmers as well if you do not pay them by the end of the month.

Paul Caldwell: I will take that in two parts because I am conscious of the prior question. I would expect that to be somewhere around 1,600 based on the numbers that I have given you, and we have nine days to go still. I would expect that to be 1,500, maybe slightly more or less, depending how the next 10 days go. The bit I would like to come back to is that there will not be a process for farmers to go through in respect of qualifying or proving that point. Where there is an eligible claim and it falls to us to pay that claim—

Q27 **Chair:** It is 75% payment, is it?

Paul Caldwell: Correct. We already have that work in hand, and we will begin to pay those immediately after the end of March.

Q28 **Chair:** How much double work is this? I know your predecessor made the point when we tried to press him for making these payments when he was well behind the previous year. He said: "This is double work, and so I want to try to get as many payments out as fast as possible". What is your situation vis-à-vis that?

Paul Caldwell: There is a difference between a partial payment and a bridging payment. The partial payment is made based on the system calculations at that time.

Q29 **Chair:** You pay these bridging payments out of Treasury funds, do you not, and not out of the European system?

Paul Caldwell: Correct. This is money where we would essentially make an advance payment from Exchequer funds, and then claim the reimbursement as we process the claim from EU funds. In respect of the double work, it is a different case. We were, as you would expect, on hand to provide advice over how expediently we could make these, and we believe we could make them very expediently.

Q30 **David Simpson:** I get the distinct impression that you do not like the word "target". I do not know what makes me think that, but I get that impression. Believe it or not, my question contains the word "target", but I will change it slightly. Previously, your organisation described 2016 as a stepping stone. What or how you do you see your performance being by 2017?

Chair: I would use the word "target", if I was you. I would go for it, David.

David Simpson: What target are you going to set for 2017? Give us an indication.

Chair: What target would you like to set? We will give you that option.

Paul Caldwell: I would like to see us improve over a range of things.

David Simpson: You are not going to bluff this question.

Q31 **Chair:** We start on 90%. Will it be 91%, 92%, 93% or 94%? Which one would you like to go for?

Paul Caldwell: As I have said before, Chair—

David Simpson: You do not like the word "target".

Q32 **Chair:** It is going to be more than 90%, is it not, because you have said that? You have said it is more than 90%.

Paul Caldwell: I do not have a problem with the word "target", but I just do not want to commit to a figure on that basis.

David Simpson: It cannot be less than what you have done.

Q33 **Chair:** It is not 89%, is it? You are not going for 89%, or are you?

Paul Caldwell: I have said before that we are not rowing back from what we have already achieved.

Q34 **Chair:** You have to clearly say for the record. I will not nail you down on what percentage over 90% you will go for, but you have to clearly say for the record that you expect to achieve greater than the 90% that was achieved this year. Are you prepared to say that?

Paul Caldwell: I am prepared to say that.

Q35 **Chair:** Would you say it for the record, please?

Paul Caldwell: I am prepared to say that we expect to achieve greater than 90% in December.

Chair: For 2017. That was hard work, but we got there.

Q36 **Dr Monaghan:** Good afternoon, gentlemen. This is probably a question for yourself, Paul, but how accurate is the mapping software used by the Rural Payments Agency to calculate payments?

Paul Caldwell: I am cognisant of the previous session. The software is very accurate. The software needs to be accurate. In respect of mapping, we have a significant challenge in meeting the requirements of the EU, which requires us to get to a three-year currency. That means that the latest information cannot be more than three years old on any particular parcel.

We have got something like 2.5 million parcels that we need to map. Sometimes in those there are what are called splits and mergers, and I believe that was alluded to in the last session. They are not always physically evident on the ground. We process these using a range of intelligence: aerial photography, satellite imagery and updates from Ordinance Survey.

Q37 **Chair:** I am sorry to stop you there. I am sorry, Paul, for interrupting, but I do want my answer to this business where a photograph has been taken of a field that has been split into four by electric fences; when the farmer received his claim to go forward for this coming year, that field has been split into four. It has become four fields. That has to be sorted, because otherwise we are going to go backwards and not forwards. I do have a problem with this one, and I think you need to answer it.

Paul Caldwell: With regards to the specific case, I am more than happy to address the case outside of here.

Chair: I will get it for you; do not worry. It does exist; I have not made it up.

Paul Caldwell: In general terms, splitting and merging into parcels is sometimes at the request of the farmer. At other times, it is in order that we can match the eligible area to the claim in order to make a claimant.

Chair: The farmer’s claim is for the existing field. He did not split it up into four. If you were grazing your cattle and you wanted to put an electric fence up and have four paddocks to graze them in, then they take a picture and then the next time your map comes forward and it has been split into four, heaven knows where we go.

Paul Caldwell: In respect of that, I cannot answer for the action that is taken. The reason we would split a field is that it may be that the image shows that there is a physical split.

Chair: It did show the fences. That is the argument. They are electric fences. I am sorry to be so blunt, but you know what an electric fence is, do you? It is a temporary fence that goes around a field with a piece of electric wire with stakes that you push in and out of the ground and you move the fence around. Farmers are doing this all of the time. The logic is if you are going to go around and take a photograph when those fields are split by electric fences, it is going to create huge bureaucracy.

Paul Caldwell: The photographic information is part of the intelligence suite we need.

Q38 **Chair:** You cannot identify from the photograph that has been taken the difference between an electric fence and an ordinary fence.

Paul Caldwell: Quite often I would not expect that to be the case if it was taken from a great height. What will be seen are lines on the ground. In that particular instance, I can see how those lines on the ground had been taken as a split in the parcel, maybe incorrectly. That is why we are always open to people coming to tell us whether they think the information is right or not. I was talking about our intelligence suite. As well as our acquisition of images, we also have a lot of information from our field force and from our customer via the RLE1 process; that is the form by which they tell us about changes. We are marrying those things up all of the time. We have not seen a significant spike in those forms to suggest that there is something awry, but what we have seen with quite a lot of the anomalies, frustrating as they may be, is that they often have an explanation for them, and we are dealing with very large sums of money in terms of why we need to do this work.

Chair: I do not want a long answer. The answer is you cannot tell the difference. I do not know where we go with this.

Q39 **Dr Monaghan:** The evidence that we have received as a Committee is that the mapping software causes a great deal of difficulty for farmers. We all know that. It also seems that the Rural Payments Agency does rely on the farmers to communicate errors in the system back to the Rural Payments Agency. In some way that relationship breaks down or is not particularly effective. It might be a question for Mark. What are you doing now to proactively improve the systems, improve processes and improve the working relationships between the RPA and the farmers to make sure that relatively significant problems with mapping do not lead to significant problems with a farmer not receiving their payments?

Paul Caldwell: Going to the first point about advising us, it has always been the case that farmers need to tell us about the changes on the ground. They are not necessarily telling us just because they think we have got it wrong. We are not throwing the onus on to farmers. However, where we have intelligence that suggests what they have presently told us is not up to date, then we will make those changes often on their behalf. They have the opportunity to challenge, if they do not agree. I would encourage farmers to check their maps online. If they do not agree, we will act upon it. We will not take our version as the full version in the case we have spoken about. We would investigate that and determine the right solution.

Q40 **Dr Monaghan:** What specific improvements are you making to the system though?

Paul Caldwell: We will continue to bring in the intelligence from elsewhere. We get more sophisticated imagery. We will continue to work with farmers to make sure that the means to tell us things is there. We, of course, now have the ability to view maps online. Farmers can go online and have a look at the information that we have captured. They can use that in submitting their claim.

At the risk of this being circular, one of the improvements inherent in this discussion is the ability to have conversations with people and for us to have conversations with farmers. We will continue to work with farmers' representatives, be it about electric fences or anything else. I see this as a collaboration between ourselves and everybody working in the industry to make better things that people want us to make better. I would strongly commend people to the online service.

Q41 **Dr Monaghan:** You are making some changes in a number of areas of service delivery. Can you explain to us why those changes have only been made now and were not identified as areas for improvement earlier and acted upon?

Paul Caldwell: There have been quite a lot of analogies in terms of private-sector business and so on. In any walk of life, one would expect to look at the things that you need to look at and improve the service offering in response to what is most pressing. That is why I do not want to get drawn on the targets discussion as a singular focus. There are lots of elements to what we do.

Chair: I would not take yourself down that road if I was you. I would keep going.

Paul Caldwell: Up until now, we have been drawn down that road. I am indicating here that we need to look at a range of things, because we potentially have a greater opportunity to do so, because we have better tools and because we have better intelligence.

Q42 **Chris Davies:** This goes back to the previous question that I asked in relation to common land. We are not pushing you on hypothetical targets on this; we are after accurate figures. How many of the outstanding 2016 payments relate to farmers of common land?

Paul Caldwell: Around about 450. I will get you the precise figure and write to you. It is in the order of 450.

Chris Davies: That would be fine, if you could write to us with accurate figures. The same would relate to cross-border claims as well, if you would be so kind.

Chair: I am quite surprised that you do not have those figures because you have been dealing a lot with the commoners and common land.

Mark Ashenden: We have paid 95% of commons. We need to find the figure that that relates to.

Q43 **Chair:** You do not know how many commoners you have got then, do you? If you have 95% it is not very difficult to work out how much 5% is.

Paul Caldwell: My mental maths may be inferior, but it is 293.

Chair: Mine is not too bad as a rule. How many commoners' claims have you got?

Paul Caldwell: In total we have got circa 4,000 and we have 293 left to pay.

Chair: So you did know the answer.

Chris Davies: You have just found it.

Paul Caldwell: Yes.

Chair: Well done. We have the answer.

Q44 **David Simpson:** In relation to legacy cases and relating to the BPS claims of 2015 that remain outstanding, when will all these cases be resolved? Are you prepared to give us a timescale for that?

Chair: We will not ask you for a target; we will ask you for a timescale.

Paul Caldwell: In terms of those that remain outstanding, we have made a payment where one is due to everybody bar three people. We are in contact with those three people as to why. In addition to that, there are a number where we think they are potentially due more money—so a top-up payment. Where we have paid on the land that we see as eligible, there are potentially disputes. The number, if you are going to ask me for that, is around 3,000. I say "around" because it is a dynamic figure. I have said before, and I will reiterate, that we will not close the door on a case if people think we have not got it right. If people write to us, we are contacted and there is an indication of a problem, we will investigate that. That number goes up as well as down. We have always had an ongoing activity of correction from farmers.

Q45 **Chair:** Did you say 3,000 have waited two years? Is that what you are saying?

Paul Caldwell: No, I am saying that they have had a payment already. There is either a reason to believe or the customer believes that they are due an additional payment, and we have committed to investigate that.

Q46 **Chair:** I am sorry to interrupt, David, but the trouble with these historic claims, and it happened with IACS as well, is if you are not careful the data is wrong and so each year it seems to compound itself. It is probably not quite so bad on those farmers that you have not paid enough to, but probably quite a lot worse for those farmers that you have potentially paid too much to. You have not commented on that. In a minute you are going to have to claw it back. It is not so easy to pay the money back as it is to receive a little more, is it? Where are you? How many do you reckon that you have got wrong and you think they are due to have money back?

Paul Caldwell: I need to write to you to give you a figure for how many have been overpaid.

Chair: Are you sure you have not got them hidden there?

Paul Caldwell: No, I am positive. I do not believe it is very many. The reason I say that is that we have taken the approach we have taken in response to the need to make sure that we protect disallowance and that we act in a compliant way. We have paid, therefore, on the evidence we have, which vastly reduces the risk of farmers being overpaid, but we recognise that we need to carry out the work, either where we believe it to be the case or where people tell us that it is the case. We will continue to offer that route.

Q47 **David Simpson:** You would accept that the figure of 3,000 is unacceptable?

Paul Caldwell: I am not going to sit here and try to defend 3,000. It is a figure I want to resolve. I have set a lot of store by resolving it, and we want to resolve it very quickly.

David Simpson: I will go back to the same position of your 3,000. Even though they have a part payment, it does not resolve their banking issues. It does not resolve the outstanding debt. Going back to what we said earlier in the last group that were there, the financial cash flow is vital for those farmers—3,000 is a large number, so we would expect that to reduce substantially over the next period of time, I assume.

Chair: You would expect that to be the case.

Paul Caldwell: Yes.

Q48 **Chair:** How many cases have you got where there are serious disputes over the payments with the applicants, vis-à-vis yourself? There must be some where there is a serious case that farmers feel that they have not been dealt with properly and perhaps you feel there has been a misclaim. Have you got many of those?

Paul Caldwell: We only record those that we believe there is a dispute or a potential dispute over, which is the 3,000 figure I have given you. There are, in addition to that, a number who have disputed their 2016 payment, albeit much smaller. I do not have the breakdown within that of whether or not that dispute is genuine.

Chair: You will be able to give us an idea in writing on that, will you?

Paul Caldwell: I do not think so, because that is a very subjective judgment as to whether the dispute is serious. All disputes are serious if it is your money.

Q49 **Chair:** We want a bit of breakdown, though, on those claims that are left to be dealt with. I am pretty sure there are a few cases out there, like there were before, that are going to become harder and harder to solve if you are not careful as the years go by. If we can solve them more quickly, it is going to be much better for everybody, really.

Paul Caldwell: One of the features that I would point out is that we ask people, and we have said that we will keep the door open, to that channel. That does not necessarily mean that there is a problem, but it means that we are committed to investigate it. It becomes rather circular; until we investigate it we do not know what the nature of the problem is. I am unable to provide a breakdown, because if we had the reason we would have solved the case. We have to work through those. There is no alternative to a good old fashioned workstack that we throw ourselves at and work through, committing to resolve them.

Q50 **David Simpson:** In relation to disputes, would you know the percentage of outright fraudulent claims?

Paul Caldwell: That is in the figure that I gave you, which are those that we have completed but not paid.

David Simpson: That 3,000 figure.

Paul Caldwell: There would be a process to follow to prove it was. I would not go to a figure, but it is not a high figure.

Q51 **Chair:** This next one is a little bit cheeky, but it is one that I want to ask because I was very intrigued. The RPA is looking for a new Chief Executive. Mark Grimshaw told us when he came to give us evidence, "There is no one in this country who understands the Basic Payment Scheme better than I do". I am quite expert on many things and I do not think I ever have said that, but he did. How can he possibly be replaced?

Paul Caldwell: That is probably a question you should put to Mr Grimshaw.

Q52 **Chair:** I know Mr Grimshaw well. I do not dislike him at all, but it was an amazing comment to make.

Paul Caldwell: I do not attempt to make that claim. What I would say is that I have been dealing with the Single Payment Scheme for a long time. I was the operations director at the time of its so called zenith, when we had the best ever performance. I was the operations director who was in for the Basic Payment Scheme. I received the scheme, such as it was, as a last-minute change and have experienced the difficulties that they are in. I came to you last time with the role for oversight of the end-to-end in view of key targets.

Chair: You mentioned targets then, did you not?

David Simpson: We will make a note of that.

Paul Caldwell: We believe we have delivered on those. There are pretty good credentials there. I want to make one further point, if I may, because I do not want this to go unrecognised. There is a tremendous amount of capability, diligence, effort and sheer hard work done by the people of the Rural Payments Agency. They have got us to a successful point. They are committed to the farming community that they serve. In response to your question, any one of us may not claim to be the foremost expert in the field, but that collective goodwill and effort remains.

Chair: I would accept and endorse that. There are a lot of people who work very hard. Sometimes perhaps the system itself has let them down, and perhaps that is something that we can all improve on. I would give credit to all those who work very hard. It is better when you have developed a system where one person follows the whole claim through. If they do not, that becomes a real issue, not because of the individuals but because it is passed from one to another. I know you have improved that. Chris, you wanted to make a point.

Chris Davies: The point was made. I think that was a job application, Chair.

Chair: It was a very poignant question and you answered it in a good way. I do not think we can criticise that.

Q53 **Chris Davies:** Forgive me for saying this. This is your position at the moment and it is an interim positon. What are the plans with the RPA? What have you been told?

Paul Caldwell: I believe there will be a recruitment process for a permanent Chief Executive.

Q54 **Chris Davies:** How soon?

Paul Caldwell: I do not know the exact dates.

Q55 **Chair:** While we ask this question, there is a rumour that the job may not be at the same level as it was before. Is that just a rumour?

Paul Caldwell: No, I think that will be the case.

Q56 **Chris Davies:** What will be the case: that it will be at a lower level?

Paul Caldwell: That is will be at a different level. The role has changed. Corporate services have moved to a shared service arrangement with the Department. The role of the CAP development programme has formally come to a close.

Q57 **Chair:** Therefore, the role of the Rural Payments Agency is shrinking. Is that the case?

Paul Caldwell: The breadth of the post that was originally Mr Grimshaw's in terms of some of the corporate responsibilities is smaller. We have a different arrangement that we are working towards with the Department. I have close relationships with the director-general for food and farming, who is committed to seeing policy through to delivery. We work very closely together, and for all of those reasons the post is commensurate with that of other chief executives of delivery bodies.

Q58 **Chris Davies:** Can those who are still waiting for payments, who perhaps have not had confidence in the RPA in the past, have a new level of confidence that you are not in a state of flux at the top of the RPA and it is full steam ahead?

Paul Caldwell: No, we are full steam ahead. I am committed to getting as many farmers paid as quickly as possible. I have got significant capability at my disposal, as I referenced earlier, and everybody is wholly focused on doing just that.

Q59 **Kerry McCarthy:** I hesitate to bring up Brexit at this stage of the discussions, given that we could be here for another few hours. When we took evidence back in November, we were told that discussions on agricultural subsidies funded post-Brexit were not being discussed between the RPA and the Government. Is that still the case?

Paul Caldwell: No. I mentioned in my previous answer that I work quite closely with the Department. I am involved in a lot of their discussions. I am formally part of one of their steering groups, and, as I said, I am working with the director-general, who is keen to see policy evolve through something that is deliverable. I am confident that we are working in an appropriate and close way with the Department.

Q60 **Kerry McCarthy:** You are working with the Department, but to what extent is that about the policy formulation, and will the new Chief Executive be involved in developing a farm payments system post 2020? We know that they are guaranteed up until 2020, but after that?

Paul Caldwell: The arrangements that I have described are a part of the way that the Department is set up now. They are structural rather than dependent on an individual, although it is true that I am committed to making it work. I am sure that could be said of anybody in the post. The relationship with the Department is there. The role of the Rural Payments Agency is now to be more fully involved. I have mentioned again the director-general's role of seeing that that policy is deliverable, which is a conversation that we are actively involved in. I am confident that that will continue notwithstanding anything else.

Q61 **Kerry McCarthy:** I am trying to get a sense of whether it is the mechanics of how you would assess payments and make payments that are being discussed, and, given your experience of the relationship with farmers and your discussions about what they want from the system and about their complaints, whether you are involved at a broader level in discussing its principles rather than just the mechanics?

Paul Caldwell: We are involved at all levels.

Q62 **Chair:** Will you be proposing a new computer system to deliver the new payment system?

Paul Caldwell: I would not be proposing that, no.

Q63 **Chair:** What fills us full of horror is what we have been through. We had IACS; that was complete chaos and we got that right. We have started again with a new rural payments system, which has been chaotic but has not taken quite so long to get to a better position. The thought of throwing all the beans up in the air and letting them land again and creating a new computer system and paying farmers in a different way fills us full of horror. We cannot necessarily expect the same sort of payment system in the new system, but are there ways that we can use the mapping and the process that you have put together without changing everything yet again?

Paul Caldwell: Part of the process of those discussions and part of the context of those discussions, and one of the principles that we are advocating, is that we reuse as much as possible, albeit you might want to frame schemes in a different way. You might want to simplify things and you might want to stop some of the regulatory things that are disliked. We would be advocating the principle of reuse where sensible.

Q64 **Kerry McCarthy:** In terms of the timescale of this, the simplest way to do things would be to move from the current regime to a new regime. We do not want to get stuck in any sort of transitional things. Are you confident there will be a new system of agricultural funding in time for you to make just one step?

Paul Caldwell: That takes me into the realms of speculation about what the new scheme would be. That is still a matter for discussion.

Chair: We may not be able to hold you to account for that.

Kerry McCarthy: It is whether there is a sense of urgency to get this in place so that you are not stuck somewhere between the old and the new.

Paul Caldwell: We are actively involved in the discussions about what happens at so-called day 1, and advising us on what we feel is sensible as an approach.

Kerry McCarthy: Presumably you would need a bit of lead-in time. It is guaranteed until 2020, but farmers would need to know significantly in advance of that what the new regime was going to look like.

Paul Caldwell: We are involved in those discussions now.

Q65 **Chair:** To make it clear for the record, I think as it stands at the moment the Treasury has said that farmers will be able to make their 2019 claim, and they will be paid, perhaps 100% by then, by December 2019. That is the guarantee: not the guarantee necessarily on what happens to the payment that is paid at the end of 2020. Is that right?

Paul Caldwell: I believe so.

Chair: You believe so. You do not know so.

Paul Caldwell: I am pretty confident.

Chair: You are pretty confident. I think you will find that I am right in

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that, but for the record it needs to be absolutely clear. It is the 2019 payment that is claimed and paid. It will be an interesting political point to make nearer the election, if that is when it is, as to whether that will be the case. As it stands at the moment, I am pretty sure that the Treasury commitment is that.

Finally, to reinforce, I would like you to go back and have a look at the digital mapping system to see whether they are picking up these temporary electric fences. It is going to cause you a lot of grief and farmers a lot of grief in the future, so if you can do something to sort that out at an early stage it would be useful. I appreciate your evidence this afternoon, gentlemen. We will put this together in a report, like we did for Mr Grimshaw. We look forward to inviting you back again in the future, so we wish you well. Thank you very much.