

Environment, Food and Rural Affairs Committee

Oral evidence: Countryside Stewardship scheme, HC 1104

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; Rebecca Pow; Ms Margaret Ritchie; David Simpson; Rishi Sunak.

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Witnesses

[I.](#) Guy Thompson, Chief Operating Officer, Natural England; Jo Broomfield, Common Agriculture Programme Delivery Programme Director, Rural Payments Agency.

Examination of witnesses

Witnesses: Guy Thompson and Jo Broomfield.

Q1 **Chair:** Good afternoon. You are very much welcome. We thought we would start just a little bit before time; we were due to start at 2.15, but we have got on with our business. Thank you very much for coming to give us evidence on the Countryside Stewardship scheme. Starting with Guy, if you would like to introduce yourselves. Guy, over to you, please.

Guy Thompson: Thank you, Chair. I am Guy Thompson; I am the Chief Operating Officer for Natural England. I welcome the opportunity to come and talk to the Committee today about Countryside Stewardship.

Jo Broomfield: Good afternoon. I am Jo Broomfield. I am the CAP Delivery Programme Director in the RPA.

Q2 **Chair:** Good afternoon. Thank you very much. I will start off with the first question, and it is a fairly blunt one. The Countryside Stewardship scheme has been called “badly managed, under-resourced and ineptly designed”. Who is to blame for the Countryside Stewardship scheme’s



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poor performance?

Guy Thompson: Chair, if I could take that in the first instance, I would like to zoom out to give the Committee a bigger picture, before I come back to the question directly. We need to see Countryside Stewardship in its full context. We now have 30 years of experience in England of running agri-environment schemes, working with farmers to enable good environmental outcomes in conjunction with high quality advice. In its predecessor scheme, Environmental Stewardship, Natural England has enjoyed considerable success in that regard. At its high-water mark we had just over 72% of agricultural land under agreement, with 50,000 agreements of some sort, working with 45,000 customers. We enjoyed a very good track record of timely payments against those agreements, rewarding farmers for good environmental land management. We have driven down operating costs against that scheme. That is the backdrop against which Countryside Stewardship has been created. We have got the best agri-environment schemes in Europe.

Q3 **Chair:** But do we have the most complicated? Is that one of the reasons why you are taking so long to deliver them? What is the problem?

Guy Thompson: We suffer by comparison with the expectations that have been created in the predecessor schemes. Countryside Stewardship, to come to your question, suffers from a confluence of variables. To take your point, Chair, head on, the very significant variable we have been addressing has been the increased control requirements introduced by the European Commission since the predecessor scheme.

Q4 **Chair:** What are you going to do when you do not have the European Commission to blame? It is going to be very interesting, is it not? I am going to be able to sit here and say, "It is no longer Europe's fault; it is all ours." Surely you know what the system is. I will pose some more detailed questions in a minute. It is nice of you to give us a history lesson, but we are particularly interested in what is happening now. I am well aware that the schemes that were agreed on 1 January 2016 were agreed to be paid on 1 January 2017. How many of those have been paid? That is what we are interested in. It is lovely to have a history lesson, but we have to move on, I am afraid.

Guy Thompson: Yes, and I will address that point head on. The scheme is well designed; it was designed as a better targeted scheme. It addressed the criticism under its predecessor scheme, which was open to all, that we were paying for dead-weight features that already existed. By definition, land is coming out of agreements as we move into Countryside Stewardship. That is one of the confluence of variables that we are facing. We have to address this head on: there is an increased control framework; there is no getting away from the fact that—

Q5 **Chair:** But you have had a year. It started off on the 1st, and you are still not making the payments. I will come to Mr Broomfield in a minute,



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because I suspect some of it is down to the RPA as well. But I am sorry; it is not good enough, is it? If you were in the private sector and doing business with somebody, and you said, "A year later, we are still working out the rules," they would go somewhere else, would they not, to get the business? I am sorry; I know you are not in business, and perhaps that is why. That is a bit cruel, perhaps.

Guy Thompson: We are not in business.

Q6 **Chair:** Why is it that it takes so long, when you change a system, to get it right? We have been through this with the Basic Farm Payment, and now we are in just such a mess with this stewardship scheme. What is the answer? Do not tell me what all the rules are and why it is so complicated. Tell me why you are not paying farmers. That is what I want to know. Why?

Guy Thompson: Why are we not paying farmers? We have increased control requirements, which are complex. As a result of the requirement to look again at the IT system and the original vision for the CAP delivery programme—

Q7 **Chair:** Whose IT system is it? It is not the European Commission's.

Guy Thompson: It is a shared issue across the Defra group, working closely with the RPA. We had to recalibrate the requirements; we are talking about constrained resource requirements involved in rolling out the IT requirements to deliver BPS and to launch Countryside Stewardship. The constraints we have had on those resources have meant that we had just-in-time delivery of IT—

Q8 **Chair:** Therefore you are saying that you have not had enough resources. That is why the farmers are not getting their payment.

Guy Thompson: I am not saying that.

Q9 **Chair:** What are you saying?

Guy Thompson: I am saying we have had to work with very tight constraints in the run-in to the launch of Countryside Stewardship. Given the control requirements, we also had very tightly defined windows of activity within which we have to resource and deploy skilled resource to use a highly complex system to keep farmers safe. To come back to your point earlier, we are not talking about a market mechanism here, Chair. With respect, it is about public payments with public money, delivered under the rules prescribed by the European Union. The complexity of the system, and the constraints we have to operate within, are largely predicated on the control framework within which we have to operate to enable farmers to get agreements, to keep them safe and keep them away from the possibility, five years down the line, of a failed inspection with all its consequences. We are working as fast as we can to deliver those agreements and payments to farmers. I can come to our in-year performance record in a moment.



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Q10 **Chair:** Answer me directly. How many of those farmers who are due to receive payment from their 2016 schemes have been paid?

Guy Thompson: As of now, 86% of farmers have been paid, and we are working with the residual 14% to get those payment claims processed as quickly as possible; 2% of those require additional information back from the customer.

Q11 **Chair:** Mr Broomfield, how much of the problem with getting the mapping and payments right is down to the computer system that the RPA runs, which may or may not be suitable for what Natural England is doing with the stewardship schemes? That is where a lot of the problems are. It is no good bunging it all into the European arena. A lot of it is there, but a lot of it is with our own side. What is happening? Is it going to get better? Is it ever going to be done online, or will it always have to be done on paper? Where are we?

Jo Broomfield: We are at a place where the system works. We can administer Countryside Stewardship on the system. I do not think there is any question about that. The delivery of the functionality to Natural England for the Countryside Stewardship elements of the system was done in what we might call a just-in-time manner, because of the delivery of other functionality that we had to get out, principally to support the BPS payments last year, to reach the 90% December target. The system is working.

To address your point on mapping, because it has a shared land database now between pillar 1 and pillar 2, that means that the system puts a greater degree of scrutiny on the land information when it looks at pillar 2 claim and a pillar 1 claim. We are working through those anomalies as they come up, and getting the maps corrected. I suspect that will be a continuous process, but it is improving.

To your point about online functionality, we already have online capital applications, in some instances, under Countryside Stewardship. We are about to introduce the online claims functionality for Countryside Stewardship, but we have taken the decision that the application process will remain on paper.

Q12 **Chair:** I am sorry to sound a little bit of urgency about all this, because going back to the IACS payments, we started in 2004 and it was probably about 2012 or 2013 before it was ever got right. We have now voted for Brexit. We are probably going to change the whole system again in 2020, if not before. I do not think you have got 10 years to fiddle around. Why does it take so long? I understand there has been a priority to get the Basic Farm Payment out, but then it seems to be that the stewardship schemes have suffered as a consequence. Somehow or other, we have got to go along in parallel. What is the answer?

I do not want to come here just to give you a hard time. I actually want to work out how on earth you can get the systems to work, so that farmers feel confident in making an application and also feel that they are



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going to get paid. That is the basic line, is it not?

Guy Thompson: If I could just take that on from the Natural England perspective, the lesson has been learned from the previous programme, in the sense that we recognised from the outset that there is a common goal around the creation of a single online platform that is shared between the pillar 1 scheme and the pillar 2 scheme. That will enable us to use the same data and enable the cross-checks to take place as efficiently as possible. In that sense, that lesson has been learned.

The issue that we have had and that we have suffered from is the effect of what the Commission has done in translating the control framework in pillar 1 to pillar 2. It stifles the creativity and the innovation that we need in those pillar 2 schemes, and it creates a complexity in the IT system. Given the challenges we have had in the roll-out and the functionality, this has created the operational issues we were experiencing. Jo might be able to explain further.

Q13 **Chair:** In 2013 you were saying that it was going to be an online system. You are beginning now to get much of the Basic Farm Payment into an online system for farmers, but we are not at that stage at all yet with the stewardship scheme. They still have to be done on paper, and then you at Natural England feed them in, and we do not really know what happens to them after that. They seem to get stirred up, and then something comes out the other end. Is that unfair?

Guy Thompson: No, again, we are addressing complex evidence requirements: in some cases, thousands of photographs that need to be taken and annotated to verify that these agreements are safe. That is why it is complex.

Q14 **Chair:** We, I am told, have got the gold-plated system of Europe. Therefore, in your wonderful gold-plated system that you have created, as far as I can see, you have caught yourself up in your own red tape, have you not?

Guy Thompson: I have not described it as a gold-plated system. I have described our agri-environment schemes as the best in Europe. The system we are working with is a consequence of the control framework that the European Commission has imposed upon us.

Q15 **Chair:** The trouble is, you see, by having a complex system that is very difficult to administer, you are well down on the number of farmers you want to sign up to these schemes. The farmers have no confidence in them. The trouble is, in your great desire to somehow or other have the most marvellous scheme ever, you seem to have made it very complicated. I do not know why we cannot make it less complicated, still have a good system, and actually get it paid out to the farmers on time, and encourage them much more to go into the schemes. If you talk to the farmers and the farming world, they really do not like the system, and they are not that keen on going into stewardship schemes when we want them to do so, and the whole new agricultural policy will probably



be based on these systems.

Guy Thompson: I talked about the backdrop to Countryside Stewardship, because it is important to note that we are still looking at significant amounts of funding going out in this programme, through legacy agreements, to customers who have had a good experience. Countryside Stewardship, without doubt, is off to an imperfect start. The volumes are still relatively low. We have done what we can, within the constraints I have described, to make it easier for us to make offers and put agreements in place, by streamlining the guidance. We have worked with industry bodies to make the guidance and manuals more farmer-friendly, to put an online options checker in place so that farmers can look at what the high scoring options are for their holding.

We have worked to use our frontline resource to pipeline the higher-tier agreements, and use the farm advisory service to enable the handholding that agents often require, to maximise uptake in our mid-tier scheme. Looking out to that, we have got a number of improvements due to build on that over the course of this year. One of the significant problems we have had, associated with the single start date, has been the spike in applications we have had at the very end of the application window. We would like to work closely with the industry to encourage earlier applications, to enable us to smooth out some of the peaks and troughs associated with that.

Again, we would like to work with the farm advice services we have in place, to enable us to get agreements in place on time and with the right options. That includes farm clinics, farm visits, one-to-many training events, YouTube videos and the like. Alongside the online claims facility that we are introducing this year, we expect that to mitigate a number of the issues that we have had over the course of this last processing round. I am not ducking the criticism that you are putting to me, Chair, because we are clearly mindful of that on a daily basis.

Chair: I think your staff are working hard. It is not that I want to attack you for everything that you do, but the confidence in the farming industry is being well and truly lost, and you have to regain it. I really wonder what you are going to do when you do not have a European system to blame for being so complicated, but we will deal with that in a few years' time. In the meantime, for goodness' sake, we have not got very long to get this right, and that is what we are so concerned about.

- Q16 **Rebecca Pow:** Welcome, gentlemen. I wondered if you could give us a bit of background. The Countryside Stewardship scheme was aimed at being better value for money than the predecessor, which was the Environmental Stewardship scheme, the entry-level scheme, and its various permutations. Mr Thompson, can you just tell us why did you think—or why was it thought—that the ELS system was not good value for money?



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Guy Thompson: We worked very closely with Defra, which helped lead on the policy design for Countryside Stewardship. Our operational experience of the entry-level scheme was that, in many instances, we were paying for features that were already in place. The scheme received quite widespread criticism for what was described as dead weight. With a tighter budget, which we knew we were going to experience under this programme, we wanted to get a scheme that was better targeted to deliver better value to the taxpayer, and better environmental outcomes.

Q17 **Rebecca Pow:** There were a couple of levels of that, though, were there not? It was not just the entry-level scheme, was it?

Guy Thompson: There was the higher tier, which has effectively been rolled across. What you have now is the site-specific higher tier, which is very much targeted at—

Q18 **Chair:** Higher and mid, was it not?

Guy Thompson: Correct.

Q19 **Rebecca Pow:** But what seems to have happened is that under the entry-level scheme in 2015 you had 33,000 schemes running, so what you would say was a general groundswell of environmental work going on. Now, the equivalent mid-tier Countryside Stewardship only has 9,500 schemes running. Would you say overall that is better for the environment?

Guy Thompson: We were looking at better quality agreements. In many instances, what we have driven up, through the options available under the Countryside Stewardship scheme, is better outcomes for biodiversity, water quality and flood alleviation. There was a policy decision taken in the design of the scheme to target options, and the best outcomes on the ground. A trade-off then clearly needs to be made between the volume of land under agreement, which I described in my opening address, and the environmental outcomes being delivered by the agreements in place. What you are seeing is playing out in the figures you have described to me.

Q20 **Rebecca Pow:** Can you just remind me what is the difference? If there were 33,000 schemes in the ELS and now there are only 9,500, what is the hectareage of the two? Have you had a fall in the number of hectares under environmental protection.

Guy Thompson: I do not have that information available to hand, but I could—

Chair: That would be very useful.

Q21 **Rebecca Pow:** One of the last things I did before I came to this place was to make a documentary about the ELS scheme on the Somerset Levels, which I can share with my colleagues. Thousands of acres were under protection under the ELS scheme, and there was a real fear that an



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area the size of Bristol was going to come out of environmental protection when the scheme changed over. As far as I understand, that is largely what has happened. Would you say that is a better outcome for biodiversity?

Guy Thompson: I am not able to comment on the specific example that you quote to me there. There are other levers we have and will be using, in terms of working with farmers. There are voluntary measures. We are working really well, to use, for example, farmer outreach, the farm advice fund, the facilitation fund, to enable better collaboration. The farmer cluster concept is something we have worked up and piloted in collaboration with GWCT. There are a number of other measures that we can use, in conjunction with our regulatory powers and incentives, to get the kind of outcomes you describe there. What we are trying to do is—

Q22 **Chair:** Sorry to interrupt, but what is the philosophy? It is lovely to have these marvellous gold-plated systems, but we do not seem to have very many of them. What is the Department's philosophy? Surely, we want to try to get more of these schemes up and running. Rebecca's point is that all that seems to have happened is that it has all fallen apart.

Guy Thompson: I do not accept that.

Q23 **Chair:** Surely you should know what the hectarage is across the country, and surely you should have some sort of target as to what you might like to be in those schemes. It is pretty weak.

Guy Thompson: We have a target in terms of uptake. There is a manifesto commitment in place to continue to roll out £3 billion of European funding to farmers. We have our own targets, but we are looking to translate those into local outcomes, more intelligible to local communities, through our area plans and the development of focus areas. These in turn enable us to work with farmers across the breadth of a landscape, rather than at a site level, to try to get the kind of outcomes you described on the Somerset Levels.

Rebecca Pow: That is very interesting. I think we would like the hectarage figures.

Chair: Yes, and also the strategy as well—what your strategy is.

Guy Thompson: If I can just touch on that for a moment, the conservation strategy Natural England has introduced is published in anticipation of the 25-year environmental plan, which sees three shifts—

Chair: Which we are waiting for.

Guy Thompson: — towards more resilient landscapes. They require us to enable connectivity, to work with features on the ground, to enable join-up, to put people at the heart of the work we are doing, working with local communities to get buy-in to the vision of the outcome we are seeking—



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Chair: I am sorry. You are giving us all these clichés, and you are not delivering on the ground. Do not give me all this about communicating with local people. What we want to know is what Natural England's targets are and what you are doing about it; we do not want these platitudes, because that is all they are.

Q24 **Rebecca Pow:** I suppose, Chair, what I would also like to know is numbers of farmers. As far as I understand it, once you fall out of the ELS, or your scheme ends, you then bid to go into the Countryside Stewardship scheme. I am led to believe that many farmers find it so tortuous that they are not bothering. What are the numbers for that?

Guy Thompson: In terms of the platitudes, the point that I am trying to address is that we have other levers to try to address those shifts. It is not just about our incentives levers; it is about how we work as an organisation, in conjunction with a range of other partners on the ground. There are a number of other levers outside of agri-environment that we can work with, but I will leave that point to one side. In terms of performance, we are working to do the best we can to get agreement out of the door, bending over backwards to make this scheme as fair and successful as it can be for farmers.

Q25 **Rebecca Pow:** My question is really about value for money, but one thing I would like an answer to is whether it is value for money to the farmer, or whether it is value for the biodiversity, or for the taxpayer? How are you judging all of those three things? They are all rather important.

Guy Thompson: I would say they are all part of the virtuous circle that we are trying to achieve here.

Q26 **Rebecca Pow:** How do you prove or indicate that?

Guy Thompson: We can prove that on the basis of cost-benefit analysis of the previous scheme, and the monitoring and evaluation that we do of the delivery, across a whole range of different outcomes and metrics.

Q27 **Rebecca Pow:** Finally, you must have learnt some lessons in changing from the one scheme to the other. What would be your most valuable lessons? Obviously, we have this big opportunity now to change the system and, as the Chair says, not to blame the CAP for the complexities of it all. What would be your top lessons learned?

Guy Thompson: If you will forgive me, it probably will start with the control requirements. We need to make these schemes less complicated. I take your point head on, Chair; it is very important that we build up trust and confidence in these schemes. That takes a long time to build up, and I fully accept we lose that very rapidly. Making the scheme simple, outcome-led and predicated on the trust that we can build up through our local advice on the ground with individual farmers and groups of farmers is essential. That is what Natural England is about, and the scheme needs to be designed in the spirit that we can work on the ground.



Chair: We welcome that.

Q28 **Rishi Sunak:** Good afternoon, gentlemen. We have received quite a lot of evidence about the application process for Countryside Stewardship schemes. One of the more characteristic ones described it as a “tortuous process”, which my colleague also alluded to. It would be helpful for us to know: are you entirely happy with the application process as it stands? If you think there are areas where we could make improvements, where would they be?

Guy Thompson: We are not happy with the application process, clearly. What we want to do is encourage and maximise uptake. We want to make that as simple as possible. I will come back to the evidence requirements: they are cumbersome, and they will require us to work very closely with individual applicants to enable them to get applications in that are compliant and will not get them into trouble further down the path. We will also have to encourage those applications to come in as early as possible.

I will come back to the answer I gave to the Committee earlier. What we are trying to do is build on the improvements we have put in place to date, to make the scheme guidance more accessible and transparent. We are trying to put outreach in place on the frontline, where we can, through our farm advice service and our area team advisers, to work with applicants, farmers and their agents, to get those applications in as early as possible and with the right options.

Q29 **Rishi Sunak:** In terms of the mechanics of the application process, are there areas where things could be simplified? One thing that a lot of people talk about is the need to communicate with multiple agencies and with multiple people within each agency, through different forms of communication. Some are online forms; some are email; some are on the phone; some are written. The whole thing seems very inefficient. Are there not ways that we could streamline and simplify that process?

Guy Thompson: Conceivably. Jo might want to talk about that from the RPA perspective. We certainly saw mid-tier as a more hands-off offer, if you like. We have learned from experience that farmers do value and benefit from the kind of advice that public bodies can give, and we are seeking to streamline that. For the most part, though, that is provided through our outreach and farm advice service on the ground. For example, we have the facilitation fund in place, which enables us to pay to award bids to third parties, to work with groups of farmers to get high-scoring applications in that actually get the connectivity that I described earlier, Chair, in place. That is the type of mechanism that we would want to make better use of. I do not know if you wanted to comment from an RPA perspective, Jo.

Jo Broomfield: I agree with everything that Guy has just said. From the RPA perspective, we have been working with our colleagues in Natural England and trying to make sure we do not have any confusion in



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the advice somebody gets on a BPS claim and the advice they get on a Countryside Stewardship application. That confusion could be in terms of things like the land codes to use on your application or your claim form. There are things we can do, but the bigger drivers are the points that Guy has made.

Chair: Thank you very much. David, I stole part of your questions earlier.

David Simpson: That is all right; there is no better man to do it. Gentlemen, I am sure you are very glad to come to the Committee today, and hopefully it will get a bit easier as it goes on.

Chair: It is always good to come in hard at the beginning.

David Simpson: Absolutely. In relation to my question, of which the Chair stole half—

Rishi Sunak: Which you are not bitter about at all.

Q30 **David Simpson:** Absolutely not. In relation to payouts, I think you have indicated that 86% of farmers have been paid out so far. How much money does that come to? How much money has been paid out to claimants in 2016, and, more importantly, did it meet your targets financially?

Guy Thompson: Just to take the second part of your question first, our target is to pay farmers as quickly as we can. That is our target. We are working on a daily basis to sweat that as much as we can, and to get payments out as quickly as possible.

Q31 **Chair:** That is a bit woolly, is it not? That is a woolly target: "We will pay it as fast as we can". I thought the RPA had actual targets of how many they should pay. Is that not perhaps part of your problem: that there do not seem to be enough targets?

Guy Thompson: Just to comment on the issues we have had operationally within the existing window, we are scrutinising that hard. I get daily management information. I am subjected to that conversation with my Chief Executive on a daily basis. I have a weekly conversation with Ministers. It is being scrutinised extremely hard. The issue we have had with payments this year, just to get into a bit of detail, has been about the roll-out of the IT functionality in real time, at the point where we are about to launch the claims window.

The effect of running a process in a live environment is that you identify technical issues that need resolution in real time. You meet stumbling blocks that require you to take staff offline, to train them up, to write guidance, which in turn needs to be properly checked with the likes of the RPA, and then rolled out. That is the real-time issue we have been grappling with around CS payments in this processing window. We will not—

Q32 **Chair:** Do you have enough resource for that?



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Guy Thompson: We have got resource—

Q33 **Chair:** You alluded in the beginning, although you denied it, that you did not have enough resource, so I think you need to answer that question.

Guy Thompson: Natural England was created in a three-way merger, back in 1996. We were given a—

Chair: Not the history. Come on; get to the answer please.

Guy Thompson: The point I want to make, Chair, is that we are an organisation that has been making efficiencies, which is on the front foot. We accept that we are in control of our own destiny and that we are on a shrinking resource base, in terms of our grants and aid funding. We have put in a range of measures to address that.

Q34 **Chair:** So the answer is “yes”, is it?

Guy Thompson: The answer is “yes”, with one caveat. In terms of the resources, in this respect we are talking about a skilled resource, skilled in working a relatively complex IT system. At the point where we hit issues within this operating window, to mitigate those issues requires us to take our skilled operators offline to train staff up. By definition, this is a resource that we need lead-in time to train up. There is a lesson learned there for next year in terms of how we model resources and mitigate the effects of the issues we have experienced this year.

Q35 **David Simpson:** You are already talking about lead-in times and extending it again. Can you understand the frustration? This Committee has taken evidence time and time again on what payments were going to be made, how efficient it was going to be, all the rest of it, and we are still sitting here. Yes, there is 86% achievement but it has taken a long time to get to 86%. Can you understand the financial pressure that the agricultural producers and farmers are under with banks and all of that? Do you get that?

Guy Thompson: I get that 100%. I did talk about our performance record, which was an excellent one, in respect of Environmental Stewardship payments. To a degree, we have suffered by comparison with that. We have two payments out of the door, which we have taken a deliberate decision to do: two payments to spread the cash flow to the farmer. We think we work extremely hard to get payments out in a timely way on that basis. As far as the Countryside Stewardship is concerned, the lead-in times I referred to are in respect of next year’s processing round, how we can learn the lessons and get a workforce in place that will be ready to process the payments in a timely way before the next round.

David Simpson: Yes, but, Guy, with the greatest respect, you can learn lessons but still not deliver. We can all learn lessons but still not get to the target where the payments are given out.

Q36 **Chair:** David is being kind to you. You have had enough time to learn



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lessons, and you do not seem to learn them. That is the blunt answer, is it not?

Guy Thompson: We will continue to process the payments as fast as we can. We have done everything within our means to take staff offline, to divert resource, to incentivise out-of-office working, to get people on point over the Christmas break, to get payments out of the door. I come back to the point about Environmental Stewardship payments: in terms of volume of payments out into the rural economy, we prioritised Environmental Stewardship payments consciously, because that is where the significant sums of money are going out into the rural economy. We consciously prioritised payments over the processing of agreements on the same basis. Am I alive to the need to address the cash flow and get cash into the rural economy? Of course I am. That is absolutely—

Q37 **David Simpson:** One last point: are you saying to this Committee that this time next year you will not be sitting in front of this Committee going over the same rhetoric, explaining the situation and why payments have not been made?

Guy Thompson: I have said that Countryside Stewardship is off to an imperfect start. Where are we going to be next year? I suspect we are still going to be seeing, with the complexity of the control requirements and evidence requirements that we have had to build into the scheme, some of the same concerns you are expressing to me about the complexity of the scheme. Can we learn the lessons? Yes. We will put in place a number of improvements designed to mitigate the issues we have been experiencing in this process.

Q38 **Chair:** You are actually sitting here this afternoon, giving us evidence and saying that it is going to take you at least another year, and even by then you will still be telling us that it is still too complicated?

Guy Thompson: I am not saying that, Chair.

Q39 **Chair:** Yes, you are. You are saying that you cannot get the system to work efficiently. I will bring in Mr Broomfield in a minute, because I do not think you are entirely the guilty party here. When it gets crossed to the RPA through the mapping system, I suspect that is where some of the delays in payments come from, because you are passing from one to another. I am not sure that the computer system that was set up for the Basic Farm Payment is suitable for delivering a stewardship scheme. We are not entirely stupid in this Committee. We know that the system is not working. What I cannot get to grips with you on this afternoon is that you sit there and tell us, "Of course, it is all very complicated, and it will probably be just as complicated next year, and we will probably be in just the same position we are this year." Do you think that fills us with confidence?

Guy Thompson: Just to be clear on what I am saying to you, Chair, I am saying in terms of payments—



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Chair: I am not clear what you are saying.

Guy Thompson: That is why I am attempting to clarify, if you could just give me the airtime. We have prioritised payments. We recognise the importance of farm payments to the rural economy. We have BPS payments, legacy payments—

Q40 **Chair:** I do not want that. Sorry, you have gone over all that again. What I want the answer to is that you are absolutely certain that you can get this system right and get it paid to the farmers. I want to bring in Mr Broomfield to see where the RPA is in all this, with their digital maps and their working with Natural England. Is that where the block is? Is the system that you have got in place to pay the Basic Farm Payment suitable for paying the stewardship schemes? It is a simple question.

Jo Broomfield: The simple answer is “yes”.

Q41 **Chair:** Why does it not work?

Jo Broomfield: The system is working. There are some challenges around mapping.

Q42 **Chair:** You are damned right that there are challenges around mapping. We will talk about that with the next panel, I suspect.

Jo Broomfield: There are different requirements on the pillar 2 mapping compared to the pillar 1. You are right to illustrate the fact that there are some differences there. We are working through those. For example, the RPA BPS scheme does not require a farmyard to be mapped, whereas on some Countryside Stewardship applications we do need that information. As we work through the applications, those issues will be dealt with. I do not think the mapping challenge will vanish overnight.

Q43 **Chair:** So we have had a whole year—more than a year—in which you have been looking at all these problems. The problems are still there, and, as far as I can see, you are going to come back here in a year's time and tell us we still have more problems. When on earth are you going to sort this?

Jo Broomfield: From my perspective, on the system performance, we think we are sorted. In terms of getting the data up to the level that is required for everything to operate smoothly, it will be a continual process of updating those maps. We have a target of getting to three-year currency by the end of October.

Q44 **Chair:** But the digital maps appear to be coming back and contradicting the previous years. They are picking up electric fences and all sorts, and then they are splitting the fields up. They are doing all sorts of odd things. As far as I can see, if we are not careful with this wonderful mapping system you are using, you are going to go backwards and not forwards.

Jo Broomfield: That is a systems issue.



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Q45 **Chair:** It may be a systems issue, but at the end of the day it is the farmer and the landowner who wants to have a stewardship scheme. He wants to get paid for it. Why on earth should they apply for something when all you say is, "This is a process system."? You created the process. You cannot come here and tell us it is all down to the process, when you created the process in the first place.

Jo Broomfield: To be clear, I was saying that it is not an issue with the IT per se. We have protocols that our digitising partners follow when they map things into the system, and sometimes people interpret those photo images differently. We need to continue to get consistency.

Q46 **Chair:** So it is those who are using the system who are at fault, and not the process? Is that what you are saying? It is not the system.

Jo Broomfield: I am saying it is not the system, but how people digitise on to the system that we need to make sure is consistent, so that we do not get one farm that maps a feature, and another digitiser that does now. We are working with our suppliers to make sure that quality is consistent.

Q47 **Chair:** Once it is digitised, is it a satellite picture? What is it? Surely, once that picture is taken, if that farmer has a number of electric fences that divide up his farm on the day that the photograph is taken, then the system decides that it is no longer one field but four. That then comes in with his new claim. What are you going to do about that? That is not the input; that is the day that the photograph was taken. All of that automatically, as far as I can see, gets put into the system. If we are not careful, we are going to get ourselves into a bigger mess than when we started.

Jo Broomfield: It is not automatic. It does require a human operator to interpret the photo imagery, and then—

Q48 **Chair:** How is the operator, who is sitting in wherever, going to know that that farm, on that day, had electric fences up that created these four fields? They are not going to know, are they? Are they going to ring up the farmer and say, "Did you have an electric fence on that day?" I suspect not. This is getting into madness, really.

Jo Broomfield: We need to make sure that, in terms of the protocols that we give to those operators to digitise, the rules by which they digitise are clear.

Q49 **Chair:** I do not think you can blame the operator. How on earth should the operator know that? You are giving us evidence where you are saying, "It is not the system; it is the operator." However, if the operator does not know that that is the situation, when they see a map, they do not know my farm. They do not know Mr Bloggs' farm, or Mrs Bloggs' farm. They have no idea where this farm is. How on earth are they going to take a photograph that has been taken from a satellite, and say, "This photograph is wrong"?



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Jo Broomfield: We give them a set of guidelines, against which to codify the marking up of the maps. We need to make sure that those guidelines are clear. If we get issues like that, which are clearly incorrect, it is a responsibility of the RPA to make sure that that guidance is updated so that the operators know, but it may be a satellite image, a customer-notified change, or an aerial photograph. There are different sorts.

Q50 **Chair:** This is simplifying the system, this is making it quicker and this is doing all the things we are wanting to do, is it? As far as I am concerned, it is complicating it, it is making it slower and it is making it more confusing. It is not necessarily your fault, but for goodness' sake, you have to admit somewhere that we have to do something about this system. Are you just going to come here every year, from now until whenever, and tell us, "Oh, it is all very complicated"?

Jo Broomfield: The rules we are applying and the system are complicated. I am sorry that you do not want to hear that, but that is the case.

Q51 **Chair:** I think we have heard enough of that this afternoon, to be perfectly honest with you. Chris, you had better come in. I might explode in a minute.

Q52 **Chris Davies:** I will try to save your blood pressure, Chair. Sorry, Mr Broomfield, but I am still very confused. I have farmers in my constituency on the Welsh borders who not only have not changed their field or holding size for a year, but for a generation. Since they were handed down from the generation before, the farm size has not changed. We have not got any tectonic plates moving in Brecon and Radnorshire, certainly. What I cannot understand is, when the farm boundaries are the same, and have been for 40 or 50 years, why do their applications change year on year? Now you are telling us that it is not the processors' fault, and you are telling us it is not the process's fault. Whose fault is it? Why are those boundaries changing?

Jo Broomfield: I was trying to explain that the person who undertakes a review of the mapping data—

Chris Davies: So it is their fault? You have just said it was not their fault.

Chair: Somebody has to answer a straight question here in a minute. We have not had any straight answers yet this afternoon.

Jo Broomfield: I was explaining what happens, which is that we give them a set of guidelines against which to digitise, when they are looking at the information on a particular farm. If that guidance is either not totally clear or is misinterpreted, errors can occur. We recognise that errors do occur in the mapping process. We need to continue to improve that.

Q53 **Chris Davies:** So it is the processors' fault. They are not following your



guidelines.

Jo Broomfield: That can be the case.

Q54 **Chris Davies:** Is that a “yes” or a “no”?

Jo Broomfield: There may be a number of issues, but yes, basically—

Chair: It is a “maybe”, I think.

Jo Broomfield: We need consistent application of those digitising guidelines.

Q55 **Chris Davies:** How would you put the mechanism in to make sure that that does not happen with the processor? The process is spot-on, as you have told us. If the processor is the problem, how do you make sure that this does not happen again?

Jo Broomfield: It is through a combination of factors: first, through the contractual relationships that we have with the provider who does that for us, to make sure that the quality criteria against which they are incentivised are tight enough; making sure that we are reviewing, via a relevant statistical sampling of their work, to check that quality against those standards and to make sure that there is continuous improvement in place; and, when we do detect problems, to make sure that they address those. That is a process that is going on.

Q56 **Chris Davies:** You have been very relaxed about the way that it may or may not be happening, and whose fault it may or may not be. Do you realise the consequences that this has for the applicant, the farmer, when these applications are not right, through your system and your staff's interpretation, and their claims and their money are being held back? Do you realise the serious consequences that it has on them?

Jo Broomfield: Yes, I do, and I think the RPA as a whole does. We work very hard to try to make sure that we are getting accurate payments out to people. I am sure you will pick that up in your next session. I would say that yes, we do, and we take all these issues seriously.

Chair: The issue is, as Chris is saying, that when the farmer makes a mistake, it is the farmer's mistake, and he or she is wrong, as far as you are concerned. When you make a mistake, it is a process. This is what is also infuriating everybody: when you make the mistakes it is okay, because it is a process that you put in place, a process that you change and a process that you get wrong, but that is fine. However, the moment that the farmer makes a mistake, that is a real problem. Somehow or other, we have to get to a situation where everybody is treated equally in this, where we can put mistakes made by the farmer right, and you put your mistakes right, and we get a payment delivered. The trouble is, you see, you can understand us not being very patient with you, because every year we are getting this, year on year. As far as I can see, you are changing the mapping system again, and you are going to get yourselves



into much more trouble again. It just never settles.

- Q57 **Ms Ritchie:** Chair, I would like to move on to the IT system. Do you think, Mr Thompson, that the IT system used by Natural England and the Rural Payments Agency is fit for purpose? We understand that it has taken a year longer to provide the IT for the Countryside Stewardship scheme than it has for the Basic Payment Scheme. Like the Chair, I believe there is an element of a problem there between both systems. Can you provide us with an answer to that?

Guy Thompson: I can, yes. From a Natural England operational perspective, I have already described the picture. We have had hard choices to make, in collaboration with the RPA and other delivery bodies, about the prioritisation of limited resources. In terms of what we have got from the point of view of the system, yes, the system is fit for purpose. It is not about the system. It is about the complexity of the scheme rules introduced by the Commission, and the impact that has on the way we use the system, in conjunction with the just-in-time roll-out of the IT functionality. I described earlier the real-time impact that that had on our operations in this processing round.

- Q58 **Ms Ritchie:** From an operational point of view, what processes are you putting in place vis-à-vis the IT system to make it simpler, and to ensure that payments flow to farmers? As our colleague Mr Simpson said, it is the farmers and their incomes that are suffering because of the operational nature that you have put in place.

Guy Thompson: Jo will want to comment on this, but we have roll-out of further functionality due further down the line. I have already talked about online claims as one immediate example of that, which will further improve the system itself. The crux of it, from my perspective, is going to be how we train up a workforce who are resilient to the spikes in workload that I described earlier, associated with a concentrated workload at the back-end of the application window. We will be looking to address that as part of our resource modelling for the next round.

- Q59 **Ms Ritchie:** What is the timescale for that?

Guy Thompson: We have an action plan that is being worked up with the Secretary of State.

- Q60 **Ms Ritchie:** Where is the action plan?

Guy Thompson: It is with us now; it is with the delivery bodies. We will be working very closely with the RPA, to look at an end-to-end review, to learn the lessons of this immediate round, and to roll out the tweaks we can make to our guidance, systems and resource modelling as rapidly as possible.

Ms Ritchie: I think the Committee would very much like to see that action plan, to see whether the action plan is fulfilled whenever we see the working-out of it.



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Q61 **Chair:** I very much support that. Please can we have that? One point I would like to make to you is that I thought we set up this whole new system to deal with the complexities of the new types of payments. Now you are telling me, "They were much more complicated than we thought, and the system cannot cope". What did we produce this new system for, then, if not to deal with it? You cannot go on forever using this as the excuse.

Guy Thompson: Jo will want to comment on the system issues in a moment. In terms of the impact on our operation, I described earlier the issues with the just-in-time delivery of IT and the way that that played out.

Q62 **Chair:** Will you accept that the new system was put in place to deliver this? Perhaps it was put in place to just deliver the Basic Farm Payment. Perhaps it was not designed to deal with the stewardship scheme; but you cannot have it both ways; either it was or it was not. What did we pay this £300 million, or whatever it was to have a new system, for? I thought it was all to do with the new system of payments. What on earth is going on here? You cannot just turn around and say, "The system is not fit for purpose." Why did we not use the old system, because then you could have come in and have justification that it was not fit for purpose. Is it fit for purpose?

Jo Broomfield: Yes.

Q63 **Chair:** You are telling me it is not fit for purpose, and therefore that is why you are having so many problems. You have a very complicated system and set of rules for the stewardship scheme, and the system does not seem to be able to recognise that; that is the problem. Why did we set up such a system in the first place?

Guy Thompson: I will hand over to Jo to address the substantive point you are making about the IT system. Briefly, the point I have made in relation to this operating window has been that the rollout of the IT functionality for claims in real time, combined with the complexity of the cross-checks required, has a very real impact on the timeliness of payments. That is it. It is not about the system; it is about the technical issues that are inevitable when you are rolling out in a live environment. You cannot test for it. You will have them in real time.

Q64 **Chair:** As I said, you have had 15 months or 18 months. You have another year, and by then you will be back in here telling us it is all the fault of the Scots.

Guy Thompson: I am not. There is no substitute for operating in a live environment. That is what we have been grappling with over the last three months in terms of our roll-out of this round of CS advanced payments. Those problems have been addressed through that experience. Jo, you might want to comment on the systems.

Q65 **Chair:** Jo, do you want to add to that?



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Jo Broomfield: Yes. I make the point again that the system works. It is doing what we asked it to do. We did know, because we were focusing on this allowance and risk reduction and compliance, that the rules the system was going to be operating would be more comprehensive than the previous system. That means it does flag up anomalies for a caseworker to investigate if it finds a discrepancy in the application against the control data. That is what we asked it to do. The point that Mr Thompson is making is that some of this functionality only rolled out in the autumn of last year. Inevitably, when you introduce a new system, you go through a period of people getting familiar with it, understanding how to operate—

Q66 **Chair:** Are you telling me you set up a system that was going to be slower and more cumbersome? Did you recognise that in the first place, when you set up the system? This is what I cannot quite seem to understand.

Jo Broomfield: In terms of the IT, we knew that we were building a system that would have more rules to apply, but we did not set it up to be slower or to generate problems.

Q67 **Chair:** In practice, that is what has happened.

Jo Broomfield: The process we are going through is one of getting Natural England, and the system, tuned to the point that we should see things operating much more smoothly in the future.

Q68 **Chair:** You cannot give us a timescale on that. How many years would you like—10?

Jo Broomfield: Obviously, we are focusing very hard to make sure that 2017's performance for Countryside Stewardship is significantly improved from what we have seen this year.

Q69 **Chair:** "Significantly improved"—what does that mean?

Jo Broomfield: Across a range of processes, it means that we do not run into the same challenges that we have encountered.

Q70 **Kerry McCarthy:** We have already touched on this a bit, but you will know that at the NFU conference, the vice-president was very critical of the scheme. In particular, he expressed concern that resources had been shifted from administering the scheme to administering the Basic Payment Scheme instead, in order to meet the 90% target by the end of December. To what extent were resources shifted?

Guy Thompson: Resources were shifted within Natural England, to enable us to streamline the workload and optimise the impact on the rural economy. I talked earlier about how we prioritise payments. We have focused on legacy payments; Environmental Stewardship payments is a significant sum of money going out from agri-environment to the rural economy. At the point where we got that back on track, we diverted resource then in-year onto Countryside Stewardship payments.



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In turn, now, with 86% of payments out of the door, we have diverted resource into processing agreements. That is the way in which we shifted resources within Natural England. I think the question possibly goes to the way in which we have made hard choices within the CAP delivery programme to support and enable the—

- Q71 **Kerry McCarthy:** It was more just about the need to meet the 90% target on the Basic Payment Scheme. It might be a question for Mr Broomfield instead, about whether resources were diverted from making sure that the payments were made under the Countryside Stewardship scheme because the political priority, if you like, and the urgency and the demand from farmers was to get the basic payments in. Around about that timescale, to meet the end of December targets, were resources shifted, and what impact did it have?

Jo Broomfield: I do not think we are talking about operational resource being applied to administer the scheme, but we have a finite capacity within our core rules engine supplier. We have a programme of work that we have to agree with them. We have always developed CS and BPS on the system in parallel, but it is true that we had to make some difficult choices about whether we were going to apply more development resource onto getting BPS functionality out at certain points, and accept the fact that we were going to deliver just in time.

- Q72 **Kerry McCarthy:** When you say “getting BPS functionality out at certain points”, do you just mean getting the payments made?

Jo Broomfield: No, I mean tuning the system functionality so that we could hit those targets that you have mentioned. The choice is—

- Q73 **Chair:** Explain functionality to us, will you? There is too much jargon going on here.

Jo Broomfield: It means something that the system has to do. If we wanted to improve the way the system ingested somebody’s submission of a paper application, for example, we would need to add some functionality.

Chair: Functionality again.

Jo Broomfield: Some things that the system had to do.

Kerry McCarthy: There is a lot of “optimising” and “ingesting”.

Jo Broomfield: It is about building the system to do more, and we had to make those choices in prioritising what we asked our suppliers to deliver, and in what order.

- Q74 **Kerry McCarthy:** But the end result was that the priority was given to people getting the basic payments as opposed to payments under this scheme. You could not do both at once.

Jo Broomfield: We could not do everything at once, so we did have to sequence.



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Q75 **Kerry McCarthy:** You could not do everything at once, so you made a decision that the basic payments were a priority.

Jo Broomfield: As I say, we continued to develop both in parallel, so it was not a question of switching one off and keeping the other switched on. We made judgments that said, "We need this new capability in the system at this point, and that will help us meet our 90% BPS target." That resulted in some of the new capability for Natural England coming in just before it was required. That was a challenge to Natural England in terms of getting to know the system and using it quickly.

Q76 **Chair:** So because of the pressure under BPS, you were late really in getting your system in place for the stewardship schemes, and that has partly put pressure on Natural England? I think that is a fair summary, is it?

Jo Broomfield: I do not think we were late. We delivered against our plan, but that plan was constructed such that it did give Natural England—

Q77 **Chair:** It was later on in the day.

Jo Broomfield: Yes.

Q78 **Kerry McCarthy:** Just to clarify, then, there were things that, if there had not been pressure from the basic payment side of things, you perhaps would have done more quickly under the Countryside Stewardship.

Jo Broomfield: Potentially, yes.

Chair: Thank you very much; that is the straightest answer we have had all day.

Q79 **Dr Monaghan:** Good afternoon, gentlemen. I will maybe start with you, Jo. Are you confident that the Countryside Stewardship scheme will perform better in 2017 than it has performed in the past?

Jo Broomfield: Yes, based on where we now are, in that we have delivered virtually all of that capability. As Mr Thompson has mentioned, we have the action plan that is looking to improve business processes, engagement with customers, etc. Yes, I am confident that it will be better in 2017.

Q80 **Dr Monaghan:** What are the specific improvements that lead you to that conclusion?

Jo Broomfield: The action plan that we have produced covers a number of different areas. As I have mentioned, we can get better information to customers and better guidance in the handbooks that we give them; we have the online claims functionality being introduced. We are looking at areas that did not run as smoothly this year, where we can do some business process improvements. We are looking at making sure that people have the training tuned, based on the lessons that we have learnt.



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There is a whole range of different areas that we are focusing on. It is not one thing.

Q81 **Dr Monaghan:** They are all business processes rather than technological developments, though, are they not?

Jo Broomfield: Yes.

Dr Monaghan: And staff training and education, I suspect, as well as engagement with your customers.

Jo Broomfield: Yes.

Q82 **Dr Monaghan:** Why did that not happen in the past?

Jo Broomfield: Inevitably, when you introduce a new scheme you go through a period of bedding down and learning. It was the same with BPS, and we have seen the improvements we have had in this last scheme year. Inevitably, whenever you introduce a new scheme, you will go through that learning curve process.

Guy Thompson: If I might say so, I think—

Q83 **Dr Monaghan:** Hang on just a second. We will move on to you, Guy, but let us just go back to the first question. I will ask you as well: is the scheme going to perform better in 2017 than it did in the past?

Guy Thompson: Yes.

Q84 **Dr Monaghan:** Again, what are the improvements that lead you to that conclusion?

Guy Thompson: We have a shared action plan, so I am afraid you are going to hear more of the same, but I described earlier the desire to encourage better, earlier applications, with the right options first time. That requires better provision of advice through a range of outreach tools, training, on-farm events and the like, and the encouragement of earlier applications, in conjunction with the online CS claims facility.

Q85 **Dr Monaghan:** Can you tell the Committee why you did not foresee that all this people management and process development was required when you were implementing the technological developments earlier?

Guy Thompson: I would say that we did. The way in which we designed the system and worked with the RPA and the CAP delivery programme was predicated on the need to foresee that. The real-world impact of the uniform start date, cross-checks, requirement for an annual claims window, and a scheme that is demand-led and therefore by definition has uncertainty about the uptake, volume, scale of agreements and spike in applications at the end of the window are variables that we cannot predict. It is about how you reconcile the requirements to keep farms safe and compliant, to maximise scheme uptake and make the scheme as successful as possible, and work with the uncertainty around a demand-led workload. How you balance those variables against the



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requirement and the commitment to really good, timely customer service is the crux of it. It is a more complex offer, if you like, than BPS: we are working with multiannual, complex agreements, designed through voluntary collaboration with farmers.

Q86 Dr Monaghan: What would you say to the Committee to give a reassurance that you now have the future business planning right, and that you will be able to identify all these variables in future, deal with them proactively, and that this mess will not take place or be encountered again?

Guy Thompson: I would point to what we do to work with individual farmers and industry bodies to make the scheme as transparent as possible. We are in monthly contact with an industry stakeholder sounding board. We give our call centres all the lines they can about the issues around individual customer cases. We continue to work in collaboration with the industry to improve the scheme. We have done so from the point at which it was launched. I went up in front of the NFU council last January; I have committed to do so again this year, if the NFU chooses to take me up on that offer. That is a meaningful way of collaborating and listening to the industry, and we will continue to live up to that commitment.

Q87 Dr Monaghan: Jo, who should be the ultimate judge of success in terms of whether Guy's improvements, which he has just identified, are delivered?

Jo Broomfield: Obviously, the customer, at the end of the day, is the person who has to judge success. If we are looking at how we will judge the success of the Countryside Stewardship this year, I would say that that would need to translate into an improved advance payment performance, and an improved performance in issuing timely agreements.

Q88 Dr Monaghan: How would you access that judgment?

Jo Broomfield: That would be based upon the management information that we are taking from the system, so that we—

Q89 Dr Monaghan: That is not the customer, though, is it, if it is management information that you are taking from your system?

Jo Broomfield: It is part of it. On making a payment, we clearly take that number from the system. In terms of the number of agreements that have been offered out, we can take that from the system. The number that are accepted is clearly dependent on the customer having taken up that offer. Yes, you are right in that sense.

Q90 Dr Monaghan: Guy, do you have anything to add to that?

Guy Thompson: I do. I would go back to the fact that we are balancing out the timely processing of agreements and claims, and good quality customer service, with real-world outcomes, in terms of environmental



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outcomes and good quality agreements that deliver value to the taxpayer and the environment. For me, it is about increased scheme uptake; we have seen the uptake increase over the course of this last round. We can expect to see it increase again. It is about the quality of that uptake, working better in collaboration with groups of farmers, to get better mid-tier uptake and the kind of outcomes that were envisaged at the point where we designed the scheme.

Q91 Dr Monaghan: Following the evidence that you have given today, the Committee will be preparing a report in relation to this inquiry. What recommendation would you suggest we include in the report to ensure that the scheme is improved and is sustained for the future?

Guy Thompson: I would go back to the opportunity to simplify the scheme post-Brexit, to build on 30 years of successful agri-environment schemes—

Q92 Dr Monaghan: Let us keep it simple. It is about a recommendation. What recommendation should be in the report that will ensure that your scheme delivers what it is supposed to do in the future?

Guy Thompson: Let us move away from the position we find ourselves in, which is effectively uniform implementation of regulation through a computer system, to one that is based on earned recognition, trust, focus on outcomes, based on rewarding farmers for what they do best in terms of environmental land management. It is a focus on outcomes rather than prescription, moving away from telling—

Chair: You will have a chance to answer post-Brexit. I think the point that Paul is making to you is about how you will deliver the present system. We are still going to have it for a few more years yet.

Q93 Dr Monaghan: I am asking them what their recommendation would be to change the current state of affairs, so that the scheme actually does what it is supposed to do in the future. What you have just suggested, Guy, is that you scrap the computer system.

Guy Thompson: No, I have not suggested that.

Chair: You might be leading the witnesses slightly there, Paul.

Guy Thompson: I am suggesting we scrap the underpinning control framework, and clearly that is not within our gift pre-leaving the European Union.

Q94 Chair: That is an interesting answer. It is not within your gift. Therefore, if it was within your gift, you would scrap the computer system.

Guy Thompson: Of course we would. We have previous experience prior to National England of running schemes that tick all those boxes. They are conversant with local priorities; they are light-touch in terms of bureaucracy; they are outcome-led. We are doing what we can to experiment with this. We are running payment-by-results trials, which



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we have documented in the evidence note, to think about the future. That is the spirit in which we should be running these schemes.

Q95 **Dr Monaghan:** Jo, what would your recommendation be?

Jo Broomfield: I would echo what Mr Thompson said in terms of looking further ahead. The complexity arises from the control regime that you build into your scheme and the implication that has for checking rules and gathering evidence. That is what complicates and binds the current processing and scheme together and makes it more difficult for customers. In terms of what we need to be doing to improve things for this 2017 scheme year, I am very confident that the joint work that we are doing to produce the action plan will improve the outcome. What we need to do is make sure that we follow through on those areas that we have said we can improve.

Q96 **Dr Monaghan:** That is not very SMART, is it? Specific, measurable, achievable—

Jo Broomfield: We said we would give you a copy of the plan.

Q97 **Chair:** We made the point earlier on that we would like a lot more farmers and landowners to take up these schemes. We have seen a lot fewer schemes coming forward than were originally there. Have you got some targets for a success rate for getting more and more landowners and farmers to sign up to the scheme? It is not just about your process and whether you can deliver it. It is whether it encourages farmers and landowners to sign up to it. Have you got any targets within Natural England for that, or are you just happy that there are far less schemes? In future, we appear to want a lot more schemes.

Guy Thompson: We have a KPI for this, which is in our business plan and for which we are accountable to report on to Parliament. We have outcome targets. I talked earlier about our conservation strategy; that in turn is translated to outcomes and priorities that we identify in our area plans. They are locally based, because we do not want top-down targets prescribed; we want to be able to work in conjunction with—

Q98 **Chair:** Do you have a target for increasing the number of farmers and landowners taking up the schemes? That is what my question is. Yes, is it?

Guy Thompson: We do not.

Chair: You do not; fascinating. I would have thought you ought to have some sort of target.

Q99 **Chris Davies:** I am sorry that I had to go out to take a phone call, gentlemen. Before I went out, Mr Thompson in particular was very much defending the scheme; when I came back in you were criticising it and saying that things could be a lot better. There was evidently a Damascus moment. What I am interested in is that you are both very senior officers in that Department, and if you are as unhappy as you were



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indicating just a few moments ago, are you telling your bosses that you are unhappy about it and that things should change?

Guy Thompson: I work very closely with my Chief Executive. I talk to him on a daily basis about our performance around Countryside Stewardship. Am I happy with the design of the scheme? Yes; I described earlier the outcomes it was designed to deliver, and I am still happy that it is fit for purpose in that respect. Am I happy that the customer experience of people applying for the scheme has lived up to past expectations? No, and we will continue to do what we can to mitigate that, to get payments out of the door and make agreement offers as fast as possible. We will simplify and streamline the scheme within our own discretion.

The issue I will continually come back to, though, is the control framework we are operating within, the complexity of the control requirements and the evidence requirements that that in turn generates. Thousands of photographs of individual tree stumps set for being rooted up on a heathland restoration project, not only taken but individually annotated, just does not stack up against the real-world spirit under which we are supposed to be operating these schemes.

Q100 **Chris Davies:** And those rules that you are following are set down by Europe?

Guy Thompson: They are entirely prescribed by the European Commission, yes.

Q101 **Chris Davies:** That takes us into the last and final point in this session. Where do you see this environmental protection programme going in a post-Brexit world? You have said it is very much computer-led at the moment. A lot of us voted for Brexit not purely for nostalgia, where we go back to the lovely old days, but because we see this great future in front of us. Where do your plans fit into this new, modern world?

Guy Thompson: I would say there is an opportunity to build on 30 years of experience: really good agri-environment schemes, based on public payment for public goods, based on clear environmental standards governed by the "polluter pays" principle. Above that baseline, there is an opportunity to use a whole range of tools: advice, guidance, training and private sector mechanisms to encourage higher standards. Those are the pretty simple and well established principles that our operational experience—

Q102 **Chair:** So you are looking for higher standards and more bureaucracy, are you?

Guy Thompson: No, I would say an opportunity to simplify.

Q103 **Chair:** That sounds more like it, but you had to be prompted, did you not, before you got there?



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Guy Thompson: It depends what you want, Chair. You can have a headline or you can have the substance. It is an opportunity to simplify.

Q104 **Chris Davies:** With this great world, whether prompted or not, how much of an input are you having into making these schemes and putting these schemes together?

Guy Thompson: It is a very close input. We have rich operational experience inside the organisation. We have lots of evidence, in conjunction with what we have been delivering under predecessor schemes and in Countryside Stewardship. We are working very closely with Defra and Defra group bodies, the RPA included, in thinking about the post-Brexit future.

Q105 **Chris Davies:** You are envisaging that life will be easier after Brexit than it is now.

Guy Thompson: It is an opportunity to simplify. It is an opportunity to move away from excessive bureaucracy. It is an opportunity to move away from the narrow definitions prescribed by European auditors, which simply do not work in the real world.

Q106 **Chris Davies:** You have been enthusiastic as you cross the finishing line. What about you, Mr Broomfield?

Jo Broomfield: I absolutely support the simplification point. The thing I would add into that is that we do not set ourselves unrealistic delivery challenges, so the voice of delivery is heard as we create those new schemes. I know that is something that Defra is actively embracing in terms of the discussions that are now going on, involving the RPA and Natural England and other delivery bodies in that process.

Q107 **Chris Davies:** Just one more thing, Chair, if I may. There is a lot of talk that it will be a continuation of a sort of what we have at the moment, only it is going to be simplified, easier, etc. One phrase that my wife hates me using is "blue-sky thinking". Are you sitting back in a pod—if you have one in your Department—and coming up with a whole new raft of different ideas post-Brexit, or is it just going to be a reincarnation of the same old thing, only simpler?

Guy Thompson: No, blue-sky thinking is absolutely taking place. I said earlier: let us not rely on public payments as the only tool we have in the box. We are thinking about other mechanisms: auctions, private-sector funding, supply chain measures, training. There is a whole host of other tools that we can use to build up environmental standards in farming. I would say the two go hand in hand. I might say by way of conclusion that I would love to see a future in which we get past waving scheme rules and processes at one another, as the public bodies involved in the farming industry. I would love to see us move towards a future based on the fundamental interdependency between the natural environment and the future of a profitable farming industry.



Chris Davies: We will watch with interest.

Q108 **Chair:** One last little probe for Mr Broomfield: you said that in future we must not set ourselves undeliverable challenges for the number of deliveries. That proves the point, then, that you feel you were set undeliverable challenges.

Jo Broomfield: The problem with setting a fixed date for the introduction of a scheme in its totality brings with it a high delivery risk. When we look at the future we need to see how we can mitigate that by staging and taking the delivery perspective very strongly into account.

Chair: Thank you very much. This is very much going to be part of a report, because we will put a report together. I shall look forward to inviting you back next year, and I am sure that everything will be much better then. I was not terribly confident at the beginning of the meeting; I have become slightly more confident towards the end. I would hope that when you come in next year, things will be a lot better, because farmers are suffering over lack of payment. They are also not signing up to the agreements because they are so slow to get in place, so we will need to do better if we want to meet our targets for stewardship schemes in the future. That is not only good for farming, but good for the environment as well, as I am sure you are aware.

Guy Thompson: We understand that, Chair, and we share your commitment.

Chair: Thank you very much, gentlemen.