HOUSE OF COMMONS

Environment, Food and Rural Affairs Committee

Oral evidence: Performance of the Rural Payments Agency, HC 887

Wednesday 28 March 2018

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Watch the meeting

Members present: Neil Parish (Chair); Dr Caroline Johnson; Kerry McCarthy; Mrs Sheryll Murray; David Simpson; Julian Sturdy.

Questions 1 - 110

Witnesses

I: Paul Caldwell, Chief Executive, Rural Payments Agency; Peter Bainbridge, Operational Delivery Director, Rural Payments Agency.

Examination of Witnesses

Witnesses: Paul Caldwell and Peter Bainbridge.

Q1 **Chair:** Good afternoon, gentlemen. Welcome to our inquiry. Starting with Peter, if you would like to introduce yourselves, we will start.

Peter Bainbridge: Good afternoon. My name is Peter Bainbridge. I am the interim operational delivery director at the Rural Payments Agency.

Paul Caldwell: My name is Paul Caldwell. I am the chief executive of the Rural Payments Agency.

Q2 **Chair:** Thank you both for coming in this afternoon. First of all, we have 3,000 farmers who have still not received their 2017 BPS. What particular communications have you had with those farmers, who are now not receiving their payment until after March?

Paul Caldwell: We have just over 3,000 people still to pay, as you say. We wrote to everybody, not just the 3,000, in December. We also advised people, if they had not had a payment from us by the end of this month, 31 March, that we would instigate a bridging payment to the value of 75% of their claims. We are preparing to write to the people who will be in receipt of those payments, and we will start writing to those people following the end of this week.

Q3 **Chair:** On the bridging payment, when will they receive that 75%?

Paul Caldwell: We will start making the payments immediately after the Easter holiday, probably from around 4 April. I anticipate they will hit bank accounts around 9 April.

Q4 **Chair:** This is what seems to have happened, and perhaps you can explain why. When you got to December and perhaps even January, we could have given you full marks for getting a good number of payments out to farmers and hitting targets. The farming community and many of us in politics feel that, since then, you have gone rather more slowly. Can you explain why this is?

Paul Caldwell: I can. We discussed a number of things when I was here last, which I am sure we will discuss during the course of today. One of the things I have been very keen to try to introduce is a degree of stability. We have introduced a number of measures that are required to administer the scheme. Not least, we have had to administer the mapping of around 2 million land parcels.

Q5 **Chair:** We will discuss that in a minute. Surely the new land parcels have nothing to do with last year's payment. Last year's payment was done on last year's maps and the forms that people filled in. I am not certain why that is a problem with the payments being received this year.

Paul Caldwell: Perhaps I should make it a bit clearer and put some context to this.

Chair: If you do not mind, lean slightly forward so that the mics can pick you up. It is not the best sound, I am afraid.

Paul Caldwell: We have a requirement to ensure that payments are made on a fully compliant basis. That is a requirement of the paying agency for the scheme. That means we could not make payments in 2017 until we had changed and checked all those parcels. That created a very large bow wave of activity. I was very keen that we should do so with the minimum of disruption. I believe we have managed to do that by, as you say, paying over 90% of people in December, but also, I would stress, paying them more fully than ever before, on the basis of a more stable position and across the board, in terms of the sectors of the farming community receiving a payment.

However, that means we have a large amount of work to undertake to make sure that all those payments are fully compliant. I am sure we will get on to the whys and wherefores of the need for us to do that, but, in short, it is to protect the taxpayer from a very large sum of disallowance. It is not something the RPA chooses to undertake; in fact, we deferred doing it in the earlier years of the scheme. We have run out of road, so to speak, and had to administer those controls in 2017.

Q6 **Chair:** Not all of what you have to do is of your own making, and much of it is down to what the European Commission demands. I accept that, but the frustrating part for farmers is that they wait and wait, and they do not really hear anything. Then the payments do not arrive. They will be very pleased about the fact that the 75% will come to them. I do not want to see them having to wait months to receive that. We seek reassurance from you this afternoon that this 75% of payment will be received straight after Easter. Is that the case?

Paul Caldwell: Insofar as post and bank processes allow, yes.

Q7 **Chair:** If any of us as MPs receive a complaint, on 5, 6 or 7 April, that farmers have not received these payments, we can be straight back to you, and that will be rectified immediately, will it?

Paul Caldwell: As I have said earlier, I do not think they will hit bank accounts until 9 April, allowing for the three days in the banking process. I cannot guarantee that every claim will go out on 3 April, but it will be there or thereabouts. If you have not heard from us and your constituents have not received their 75% within a week or so of 3 April, I would expect to hear straight back from you.

Chair: That is duly noted.

Q8 **Dr Johnson:** I have a question about the 75%. I do not know how you feel about it but, if somebody said to me, "I am not quite sure what I am going to make your wages this year; I think I will pay you only 75% of them and spend most of the year thinking about what else you might get", I would be quite annoyed.

Chair: They should get the 100% eventually.

Dr Johnson: Eventually is all very well, but 25% is a substantial part of the farmer's income. Why 75%? You say you want to pay people more fully than ever before. I would not accept somebody not paying my wages in full. I am sure you would not accept someone not paying your wages in full. Why do you consider it acceptable to pay 75%? Why not 95%, if you really feel you need to leave a bit of margin for error because they might not give it back if you have overpaid?

Paul Caldwell: We have to reclaim all the money that we disburse. In essence, we disburse the bridging payment from Exchequer funding. The UK taxpayer pays that money. We did a lot of analysis in order to determine a figure. In previous years, we arrived at a figure of 50% and we decided that was probably too cautious. I suspect that, given some penalties on payments can be in the region of 20% to 30%, 95% probably would land us in hot water, because we would not be able to reclaim that money from the Commission. We need to make sure the taxpayer does not foot the bill at the end of the exercise.

I would want to emphasise that paying the bridging payment does not stop our efforts to pay in full. We will redouble our efforts to pay in full. It is simply an acknowledgement that, rather than using the full extent of the scheme year, which runs until June, precisely because we recognise that farmers have cash flow difficulties and we need to get money into the rural economy, we have been working with the Treasury and others to do so as quickly as we can.

Q9 **Dr Johnson:** When these payments are delayed and people get their 25% late, do you pay them interest?

Paul Caldwell: No.

Q10 **Dr Johnson:** They have perhaps had overdraft fees for the whole of that period and you do not give them any compensation at all.

Paul Caldwell: We do not pay interest on periods outside the regulatory timeframes in which we are due to make payments.

Q11 **Dr Johnson:** You are saying you do not pay 100% because you think that the farmers would not return the money to you if you discovered that was an overpayment.

Paul Caldwell: No, it is because, first, debt recovery is a fairly onerous and expensive process. It is not a route I would advocate. It is not that we do not trust farmers with the money, but we need to demonstrate that we are being prudent with the UK Exchequer funds and we cannot be in a position where the UK taxpayer underwrites any shortcomings in the calculations.

Q12 **Dr Johnson:** You are not underwriting anything, are you? You are keeping the money back from people and not giving it to them. Because you are not efficient, they are suffering.

Paul Caldwell: I would look at it slightly differently. We are bringing forward the disbursement—

Chair: I do not think the farmers would look at it slightly differently. They are not receiving their payments. You are the people not administering it and they are not getting it. That is where they stand. That is the thing.

Q13 **Dr Johnson:** Say you did not get your wages this month because there was a delay in the payroll of your company, and your company said, "I am really sorry that you are 25% short. You cannot pay your mortgage. It is going to cost you money. Never mind; we will get around to it next month or maybe the month after". Would you be satisfied with that?

Paul Caldwell: I would not be satisfied with that, but I do not think the analogy is correct.

Q14 **Dr Johnson:** This is their income.

Paul Caldwell: The reason I do not think it is correct is that we have a regulatory payment window, which we are foreshortening. It is not, in your analogy, the end of the month as yet. That is not an excuse. The point I am trying to make is that we recognise that taking the full regulatory window is not acceptable to the farming community, and we want to do all we can to help.

Q15 **Chair:** Because 90% of farmers have had it already in December and January, those 5% to 10% of farmers naturally feel that they have been singled out for special treatment. I know you have not done that, but that is how they feel, and it is not very good if they have to go to their bank manager or whatever.

Paul Caldwell: Let me state for the record that I do not think a position where there are still people outstanding is good enough. I am not sitting here saying it is an acceptable state of affairs and it is all right because we are making bridging payments. We are making a bridging payment in recognition of the fact that that situation exists, but it does not make me feel comfortable. I repeat that we will redouble our efforts to make sure that all those payments go out as soon as possible.

Q16 **Dr Johnson:** When does your window finish completely?

Paul Caldwell: The regulatory window ends in June.

Q17 **Dr Johnson:** Will you have 100% of everybody paid by June? Did you have 100% of everyone paid by last June?

Paul Caldwell: Historically, we have never had 100%; it is always ninety-nine point something. There are things that roll on for a considerable period of time, for example legal disputes. To all intents and purposes, we will have to pay everybody by the end of June.

Julian Sturdy: For the record, I should direct members to my declarations of interest, which are on the record.

Chair: I had better do the same, actually.

Dr Johnson: I should mention that I am married to a farmer.

Q18 **Julian Sturdy:** I wanted to come back on something Caroline mentioned about this 75%. You are paying 75% with this bridging loan. My question is this. If you paid more than that—say you paid 95%, as the Chairman mentioned—and it was seen that you had overpaid, although I have never heard of overpayments, but it seems to be a concern that you have, do you have the power to recoup that in the following year's payments?

Chair: It happens very occasionally.

Paul Caldwell: At the risk of being technical, if we disburse the money from the European fund, we have the power to recover it from the European fund. If we disburse it from the Exchequer fund, we cannot then go to the European fund and recover that money. The taxpayer would have to foot the difference.

Chair: Can you not recover it from the farmer the next year?

Q19 **Julian Sturdy:** That is my point. I am trying to understand that. You could then say, "We have overpaid you by 5%. We are going to cut next year's by 5% and claw that money back".

Paul Caldwell: It is to do with having two different balances, or two different accounts. Where we pay the money from the European funds and find for whatever reason we overpay, which we occasionally do, we can intercept the money from next year's payment. That is standard.

Q20 **Julian Sturdy:** You can.

Paul Caldwell: We can in respect of European funds. However, if we have overpaid on the bridging payment—

Q21 **Julian Sturdy:** You have not. You are at 75% on the bridging payment.

Paul Caldwell: Yes. We cannot, in essence, pay UK Exchequer money over the amount that was due from the EU fund and then claim the money back from the EU fund. We would have to instigate debt recovery immediately.

Q22 **Julian Sturdy:** In essence, you are playing it safe with the bridging loan.

Paul Caldwell: Yes.

Q23 **Chair:** As far as the bridging loans are concerned, the money that is going out, the part payment of 75%, have you any idea how much this is likely to cost? You must have a figure of what you have already paid. It would be interesting to see. Of the 5% to 6% that is left, there could be some quite big payments.

Paul Caldwell: We estimate it could be up to a value of £123 million. That is a conservative figure, based on the assumption that we pay everybody who wants to be paid. Let me anticipate the next question: yes, we have people who decline to be paid a bridging payment for a variety of reasons. Often, large organisations prefer for accounting reasons to leave things more straightforward, and we liaise with them when their payment is due. We have made provision for that amount.

Q24 **Chair:** That must be 5%, 6% or 7% of the total money paid out, if we have to add an extra 25%. I am trying to work how much money is outstanding.

Paul Caldwell: We have disbursed £1.6 billion to present. We have, as I say, a £123 million provision for the bridging payments.

Q25 **Chair:** Is that £123 million 75%, so you have to add another quarter on to that, or is that the total figure of payments left to do?

Paul Caldwell: I am not sure I understand.

Q26 **Chair:** I am asking about the cost of the bridging payment. Is £123 million 75%, so you add another quarter to it, or is that 100%

Paul Caldwell: Sorry, apologies for my lack of uptake. Yes, that is correct. That is the amount of bridging. You would add 25% to that for the totality of the fund, correct.

Q27 **Chair:** That is another £30 million, so it is £150 million to £160 million. That is 10% of the total amount of money, if you have already paid £1.6 billion. That is quite a nice figure to work out. Therefore, what percentage of payment are you up to: 92%, 93%? Where are you at the moment?

Paul Caldwell: At the moment, we are at 95.8%. If you round it to 96%, the remainder of the fund represents 4%.

Q28 **Chair:** Where I have quite neatly got to is that you only have 5% of payments left to make, but it is 10% of the total money, which is interesting. Some of the payments left to make are quite large ones.

Paul Caldwell: Yes.

Q29 **Chair:** How confident are you that the 2017 BPS payments are accurate? What is your target for ensuring accurate payments, and how many complaints about inaccuracies have you received? I may as well give you the whole lot in one go. How confident are you that the payments you have made are accurate?

Paul Caldwell: I am pretty confident that they are accurate to a high degree. We will have a number of people who feel there is a discrepancy. As I have committed to before, we will always investigate those. I do not have a figure for accuracy as such. I do not have a figure for the precise number of people who have written in respect of a 2017 payment, as opposed to the complaints that we have received on the whole.

Q30 **Chair:** You do not know how many complaints you have had.

Paul Caldwell: I know how many complaints we have had, but they may range over a variety of things, rather than simply what the 2017 payment is. I am very conscious of this.

Q31 **Chair:** What is the total number of complaints you have had.

Paul Caldwell: On the number of complaints that we have had for this year, Peter, can you fill us in?

Q32 **Chair:** Let us have a word from Peter. You have not said very much yet.

Peter Bainbridge: No, I have not. In 2017-18, we received 1,337 complaints. We had a hangover of complaints from the previous year, 2016-17. Last year, in 2017-18, we managed to resolve 2,062, so there was a net improvement in terms of the number of complaints that we dealt with. We are under no illusions that, as Paul mentioned before, we need to redouble our efforts to reduce those numbers yet further.

Q33 **Chair:** We will go on in a minute to talk about the remapping and everything you are doing, but to what extent are you going to use these new maps to go back over 2017 payments? A lot of these maps are highly inaccurate. They have all sorts of fences, splitting of fields and things on them that are not there. If you are not at all careful, you are going to set your own fire and will spend the rest of your time putting out your fire. The farming press is full of this, based on what farmers are receiving. I do not want you to talk all about the maps at the moment, but to what extent will you use the remapping to go back over 2017 payments?

Paul Caldwell: We have used, as I have already said, the remapping to make the 2017 payments. The heart of the question and my serious intention is that, where people think we have got that wrong, we will go back, correct it and make sure that situation is put right. We have undertaken activity already. It will not surprise you to know we have done a lot of analysis in terms of what the difference in payments might be, to see whether there is anything that we should investigate further. We have contacted around 3% of claimants. There is quite a small number of people where we saw a reduction in their payment on previous years. Therefore, we have contacted them with a view to financial correction.

Q34 **Chair:** Is this down to the new digital map?

Paul Caldwell: It is a combination of what is on the map, what they have put on their claim form and the mismatch of their expectation and our expectation. We have worked hard to make sure they are not disadvantaged. Where they feel they are, we investigate that concern fully.

Q35 **David Simpson:** You are very welcome, gentlemen. Why are there still outstanding payments from 2015-16, and are those from the same farmers or different groups?

Paul Caldwell: We have 22 payments outstanding from 2015 and 94 payments outstanding from 2016. There are a number of reasons, such as probate, insolvency and other legal reasons that I cannot go into here. As you can see from those, we are into smaller numbers where we have individual disputes and/or conversations with farmers in order to pay them.

Q36 **David Simpson:** You will be aware that the vast majority of farmers in Northern Ireland received single farm payments in October, then full payments in December. We know we are talking different economies of scale. Can you learn anything from Northern Ireland in terms of how to improve your record?

Paul Caldwell: We have looked at and I have considered, in discussion with others, the other systems of payment. What you refer to, in terms of making an advance payment and then a follow-up payment, is something other European member states do. The consensus of the consultation we undertook was that people prefer to receive their money in one go. Now, mid-way through the stabilisation period from launching the system originally, they did not really want to go through another change. There may well be opportunities in the future when we change the schemes. I know the Minister of State has gone on record—

Q37 **Chair:** You are happy to allow all the discrepancies that are there and the cases that are outstanding to remain until the system changes. Then you can throw your hands up and say, "There is a systems change now".

Paul Caldwell: No, I would prefer to get it right first time. We are talking about a system of advance payments based on an unverified claim, and a top-up later when you have verified the claim. My preference would be to stabilise the information and get it right first go.

Q38 **David Simpson:** In Northern Ireland last year, they went on to the online filling out of the BPS forms. There was concern about that, but it seemed to significantly reduce the number of errors, which made the payments go out quicker. How far down the road are you guys with the online, and how, if you are doing it, do you find it at the moment?

Paul Caldwell: I very much agree that online submission is a huge improvement, both for the farmer and for us, because it enables us to deal with matters quickly. We have promoted our online capability heavily. I think—and Peter can get the exact figure—we received around 83% of our submissions last year online. We have put in extra communications, guidance, support and demonstrations via technology for farmers to be able to go online. We will continue to promote that cause.

This has already seen an increase in the number of applications we have received for 2018 by comparison with 2017, which is encouraging, particularly as we are early in the window and we opened the window slightly later than before. I am encouraged by the online route.

Q39 **Chair:** Can farmers now get access to the maps, in order to alter them and what have you, if they need to? That was the big issue a few years ago. There was a real problem with the system. Has the system now improved?

Paul Caldwell: Farmers can see the maps. We do not have the ability for farmers to edit the maps online. That would require further development testing and so forth, but we have issued notifications to farmers when there is a change to their maps. After listening to some of the concerns from our stakeholders, we now send a weekly reminder by email to all those online customers who may have "unread" notifications.

Q40 **Julian Sturdy:** You talked about 94 payments outstanding in 2016. Are they full payments or partial payments?

Paul Caldwell: The 94 refers to those people who have not had their 2015 payment.

Q41 **Julian Sturdy:** Sorry, I was talking about 2016. I thought you said 94 for 2016. I thought it was less for 2015.

Paul Caldwell: That is their entire payment.

Q42 **Julian Sturdy:** My next question is how many outstanding partial payments you have.

Paul Caldwell: We think we have paid everybody, using the data controls we have. We have paid people in full. Where we have knowingly not made payment in full, we have made subsequent adjustments to those. I need to get the precise figures, but we probably have 1,000 or so of those left. You can look that up for me.

Q43 **Julian Sturdy:** That is where there is a partial payment.

Paul Caldwell: There is a problem with paying the remainder, and we are in dialogue with those people. In addition to that, which might go to the heart of your question, I made a statement last year that we would thoroughly review every complaint, every avenue of correspondence with us and leave the door open—that was the phrase I used—for people to come to us if they felt we had not got their payments right. We are reviewing all of those, which is one of the other things we have been undertaking this year, in a concerted effort to get things right for farmers. We have received and are in the process of reviewing 10,000 queries of one description of other since I opened that review.

Q44 **Julian Sturdy:** That leads me on to a specific case. I am not going to go into the specifics of the case, but I might like to talk to you or someone about it later. It is within the constituency. I will give you a background to it. This was a query raised in January 2017 about a 2016 payment done, I think, through your correct process. I cannot remember the name of the forms but there is a form you fill in online and send back. There were a number of telephone conversations, chasing up and finding out where it was. Eventually, in August, seven to eight months later, they got a letter back, just saying it was being looked into. That was all it said, and 14 months on there is still no news. Is that acceptable?

Paul Caldwell: No. One of the areas where I accept we need to do much better is in the treatment of the legacy of what we administered in 2015. We had a discussion previously about those things that were known to be top-ups. They were known because they were administered by us. I gave the open commitment that I gave in the interest of transparency. That case is an example of the sort of thing that we have undertaken to look into. We have a long way to go to be where I want to be, but we have introduced easier, more rigorous processes and we have made significant inroads into that total. I will pick up the particulars of your case, but it is an example of the sort of thing that I want to tackle, rather than simply focusing on—

Q45 **Julian Sturdy:** Are these sorts of cases seen as a priority now?

Paul Caldwell: I place a high priority on those. We have taken a decision to give those the priority I think they deserve. That means in some areas we have not made the progress we would like, but it is the right decision for us to make.

Q46 **Chair:** You can understand farmers' frustration. Naturally, I am not blaming you for all the systems. Right back in 1992, IACS went wrong. They got that right. In 2004, it was a complete mess-up. That took years to put right. Now you are saying there is a problem again in 2015. You can imagine the frustration of farmers, because sometimes it may be their fault, but much of the time it is not. That is what gets them so frustrated. It is interesting, because you have talked about the cases that are outstanding, the 94 and 22 from 2015, but they are whole cases. Julian asked the question about the 1,000 cases out there that are still waiting for part payments or corrections. That is what we get in our mailbags.

I asked people from across Parliament to let me know, because we had this session today, and I had hundreds of MPs come to me with little problems, which you will be getting. I am sure you will look forward to that. That is the problem: the sheer frustration. I am sure you understand it, but it is about whether you are getting to grips with it. Farmers are not certain you are. I am sure you will reassure us. Can you understand their frustration, first of all?

Paul Caldwell: I can absolutely understand it. I can also confirm that I personally read all the cases that come to you and take an active interest in the complaints made to us, because that tells me quite a lot about the things that may be going wrong that are not necessarily obvious in the high-level figures we discuss. I can understand it. It is also the reason I have made tackling it the priority that I have.

The first step in taking that seriously was to acknowledge it. I accept that was far too late in the day, but one of the first things I did since permanent appointment to this role was to make sure we acknowledged everybody who had written to us and gave an undertaking to investigate them. We have more to do. It is nowhere near good enough, but it is something that I place very high value by.

Q47 **Mrs Murray:** To reiterate, I remember asking a question when the systems changed: are we going to see the same sorts of problems as we experienced at the beginning of the last scheme? I was assured that, no, we were not. Here we are, and we have seen the same problems. To be quite honest, I would like to see some sort of indication from you that if the system changes again, post Brexit, you will learn lessons from the past. Based on my postbag and all my colleagues', the experience is that you are not learning lessons. In fact, my caseworkers come back and say to me that sometimes the unspoken message they get is that you do not seem to care either. Now is perhaps the time for us to see an indication that, one, you care and, two, you are going to make changes.

I had a man come into my constituency surgery a couple of weeks ago. I will not go into the details of his case. You acknowledged that he was correct and you sent him a cheque for the difference in the money, but that cheque was not exactly as he calculated it to be, so it has come back to you again. These are basic, basic things. Can I have an assurance today that, one, you have learned lessons and, two, you will be reflecting on those lessons and changing?

Paul Caldwell: Let me go back to your first question. I care. Not only do I care, but nearly all the men and women who work for the Rural Payments Agency care very much about the work that they do and the communities they serve. I acknowledge it does not always feel that way, and that is something that I am committed to changing. I will very much take on board the feedback that we get in order to do things differently. I believe we have started to, in some of the things we have talked about and some of the things we have yet to talk about. We have not taken the years and years that it took under the previous single payment scheme to get to the heart of customers' concerns. We have started to tackle that much earlier. I have made it a priority, as I have said, but we have much more to do in making it feel like a better, more compassionate agency to deal with. I will give you that undertaking.

Q48 **Kerry McCarthy:** On late payments, you acknowledge that they cause significant hardship for farmers. What is happening in terms of compensation for the additional disruption expenses? We have heard stories of farmers having to sell their sheep in order to get by while they are waiting for payments. How does that operate?

Paul Caldwell: We consider compensation on a case-by-case basis. There is no blanket policy of compensation inside of the regulatory framework that we operate in.

Q49 **Kerry McCarthy:** What criteria do you use in deciding whether someone is a deserving case? Presumably, to start with, they have to make a request for compensation; it is not something you offer.

Paul Caldwell: Compensation is a matter that is considered in the course of our complaints process. There are procedures. We adopt and follow guidelines and general principles, alongside ombudsman principles and the like, but we do not routinely pay out compensation as part of the scheme when we are not outside of the scheme in question here.

Q50 **Kerry McCarthy:** If someone made a complaint, would they specifically have to say, "I want compensation" for that to enter your mind.

Paul Caldwell: People make complaints and often ask us to consider costs, loss of earnings and so forth. That is part of the complaints process.

Q51 **Kerry McCarthy:** Do you have figures for how much compensation you have paid out?

Paul Caldwell: I do not. If you like, I can come back and write to you.

Chair: That would be very useful.

Kerry McCarthy: It would be helpful to know what proportion of complaints are treated as asking for compensation, how many of them result in compensation payment and how much. You do not know how many compensation requests you have received this year. Is it recorded as such?

Q52 **Chair:** It is very rare that you pay out any form of compensation. Would I be wrong in saying that?

Paul Caldwell: No, that would be correct.

Q53 **Kerry McCarthy:** Could you give an example of when a case over and above the norm would warrant compensation?

Paul Caldwell: It is dealt with as part of a complaint, rather than a compensation ruling. As I have said before, we do not routinely consider compensation as part of our process, but an example of where we compensate people would be under the ombudsman's principles of putting things to the position they would have been in, had the maladministration not occurred. That is a fairly established process. We have a relationship with the ombudsman. Those cases are on an individual basis.

Q54 **Kerry McCarthy:** Can you give me an example of where you may have paid compensation to somebody in respect of costs? I am trying to get a picture. We are getting a lot of anecdotal evidence of farmers who have clearly suffered significant loss and hardship. It is certainly not their fault. I know you are talking about whether it comes under the ombudsman's criteria of maladministration, but can you give an example of what you may have compensated a farmer for?

Paul Caldwell: It is usually to do with putting them in the situation in which they would have been in the first place. It is not compensation per se. For example, if somebody lost entitlements as a result of our action, we would need to reinstate those entitlements. If those entitlements had expired, we would need to compensate them to go to purchase new entitlements.

Q55 **Kerry McCarthy:** If, say, somebody had to sell property, sheep or dispose of assets to make ends meet, you would not be looking at compensating them, say, for any losses they incurred. They would have to sue you. Does anyone take you to court?

Paul Caldwell: I am not sure.

Q56 **Chair:** Send us any figures you may have on that. There are other charities out there, but there is the Farming Community Network in particular, where people are on the edge of suicide and are really up against it. Do you have a priority to get them some money and pay them something? There are people out there at their wits' end, and Farming Community Network and other charities pick that up.

Paul Caldwell: We can and do. Indeed, I would prefer, rather than to talk about compensation or instruct people to take the compensation route, to say, "If you are getting into difficulties, please contact us in the first place and see what we can do to alleviate the problem, rather than deal with the problem retrospectively". We continue to run the farm support payments scheme. We administer a number of those each year. This year is no exception. We can give you the figures for how many of those we have made in 2017, if it would be helpful.

Chair: That would be very useful to have.

Q57 **Mrs Murray:** At the very least, where you have a delayed payment and a farmer is relying on that payment to sustain his cash flow, so he has to go and negotiate overdraft facilities that incur interest, surely, if it is not the farmer's fault, you would at least feel obligated to reimburse him with those interest payments.

Paul Caldwell: We do not normally pay interest on payments that fall within the criteria of the scheme.

Q58 **Mrs Murray:** If it is your fault that you are incurring that late payment, surely you would feel an obligation to reimburse that farmer, because it is not his fault.

Paul Caldwell: We are going to the distinction between when the regulation says the money is due and what we want to do by farmers. I am reluctant to talk about June, because that gets translated into an excuse for delaying payments until June, but that is the regulatory framework we operate in. The reason I am reluctant is because I want to pay farmers as much as possible as quickly as possible. To default to the process of why we have not done X by Y takes us into that sort of territory.

While I have every sympathy for people who have difficulty with cash flow, not just in farming but in all walks of life, my responsibility as an accounting officer is to abide by the regulations and disburse money appropriately. I would prefer us to get things right first time. I would prefer that, if people were in difficulty, they got in touch and we could discuss arrangements with them. By the way, Mr Chairman, we paid out £4.2 million last year in respect of financial support.

Q59 **Chair:** Was that for hardship cases?

Paul Caldwell: Correct. I do not want to get into a situation that ties us into compensatory payments for figures that fall within the regulations on when we were due to disburse them.

Q60 **Dr Johnson:** To clarify, if people are not paid by June, which you are saying is the deadline, would you provide them with the overdraft interest, as Sheryll described, that they are now incurring because you are late with your payments?

Paul Caldwell: It comes into consideration. It would not be my decision, but it comes into consideration once the regulatory window has expired.

Chair: You are confident of getting to the 99% by June, although far too late. Right.

Q61 **Dr Johnson:** I want to talk about the communication you have with farmers. One of the things that farmers say to me when they come to complain about the RPA, which is not an infrequent occurrence, is that they do not know what is going on. I will give you an example. "I am a farmer to whom the RPA owe about £100,000, most of my annual income. This is owed over several years of different schemes. Despite trying my hardest, I can get no information from them or the relevant countryside agencies as to when I will be paid. Can you help me as I am struggling both financially and mentally? I have listed the details below".

This man cannot find out what is going on with his payments. I have written to the RPA and I have got a letter back, which, again, does not give me any real information about what is happening. What he is being told on half of this money is that he has land in England and Wales. He does not get paid by both. He has to choose which person to be paid by. He has chosen RPW to be paid by. At the moment, it seems that he is £44,000 short, I think, on that payment alone because the RPA and RPW cannot agree on how much he is owed. He has no control over that. There is nothing he can do to advance that. What is a farmer supposed to do in that situation? What can be done to help him?

Chair: Caroline raises an interesting case, because this is cross-border. What is the situation?

Dr Johnson: How do you communicate? How do you keep that farmer up to date? When he rings up, the Welsh people say that the English people have not given them the information or the information is wrong, and the English people say they have given it to the Welsh people already. He cannot knock your heads together. What he is supposed to do, other than suffer mentally and financially, as he says, as a result of people's inability to agree beyond his control?

Paul Caldwell: I will take that in two parts. If you would like to share the details of this particular case outside, I will look into it and, to the previous question from Ms Murray, I would like us to learn from it. In regard to the more generic question around communications, we have done a number of things to improve our communications, including more generic conversation around what that farmers need to plan for and do, bulletins to customers, extending channels, issuing acknowledgements where previously we did not and so on. We still have some way to go with regard to the experience of the people dealing with us, as I have said. I fully accept it is an area in which we need to do better. It is one of the things where there is a story behind the figures, and we can be a bit too obsessive about figures instead of the stories behind them.

Chair: There are people behind them. These are real people, real farmers.

Dr Johnson: These are families with children to feed and bills to pay.

Chair: They are not just numbers, you see.

Paul Caldwell: Apologies, Mr Chairman. My point was that there are human stories behind the figures that sometimes get lost in conversations about numbers, which I take seriously and want us to do more about. In respect of the examples that we have already spoken about, not only have I instructed that we give priority to those people in the sorts of cases that Mr Sturdy referred to earlier, but we will also start to roll out named individuals, who can update people as to what is going on, which is in some ways to your point. I would like to look at the specific details where people seem to have fallen outside a particular process that we should look to put right.

Q62 **Dr Johnson:** Thank you. I will give you the details of this case. The other area that this particular gentlemen has fallen outside that you administer, as I understand it, is the stewardship schemes.

Paul Caldwell: We pay the stewardship schemes.

Q63 **Dr Johnson:** You pay the stewardships schemes. This farmer has phoned up asking for money with regard to the Forestry Commission. He has done some Forestry Commission work and is expecting to be paid for that. He states that people from the Forestry Commission came to inspect his tree planting project without his permission, trespassing on other land as well and climbing over locked gates to get to it, and made a mistake in counting his trees and the land that he planted them on. Therefore he said, "No, that is wrong; I am entitled to more". In the meantime, while they continued to postpone since 8 December the visit to come and recount these trees when he is available to show them where the fields are, he is getting nothing. Why is he getting nothing? Why is he not getting 75%, perhaps, as your choice figure? Why is he not getting something towards it in the meantime, in recognition of the hardship he is suffering?

Paul Caldwell: When I say we pay the schemes, that is quite literally what we do, as the paying agency for the UK. We do not as yet administer those schemes, so I cannot really answer your question. It is not something that the RPA would make a decision on. We are essentially bankrolling and making sure that the controls are properly put into effect in order for us to make the payment and assure the commission that it is being done properly. We do not run the schemes. By all means, I am happy to liaise with colleagues in the other agencies, Natural England and the Forestry Commission. We should be working together closely.

Chair: We have a question in a minute about how you may or may not run the stewardship scheme.

Q64 **Dr Johnson:** I will not stray into that. Do the hardship funds that are available include this situation? For example, he says he is due £44,000. I do not know exactly how much you said he was due, but if you were told he was due £30,000, he has disputed that. He thinks it is £44,000. Why would you not give him that £30,000 while he is waiting to dispute the other £14,000?

Paul Caldwell: The hardship fund is in respect of the basic payment scheme. What you are talking about is a scheme we do not administer. I do not have any jurisdiction over it.

Q65 **Dr Johnson:** You cannot have hardship money for that.

Paul Caldwell: I do not have jurisdiction over that particular decision.

Q66 **Chair:** I want to ask you a direct question on communication. I am not going to state who the farmer is, but let me go through this quite quickly. This is a farmer in my constituency, a very good one, from a very honest farming family. In 2016, they have not received their 2015 payment, so I contact you. They then do not get their payment for 2015 until June 2016. Then it is £5,000 short. I contact you again. By October 2016, you make up the top-up on the 2015 payment. In the meantime, no communication is going from you to the farmer. I have to contact you; you go back to me; I go back to them. There is no contact going on. Again, in January this year, they still have not received their payment for 2017. I contact you. They go on to the helpline; they do not get any help. Eventually, I get hold of you on 8 February and then, like I said, eventually you get back to them on 22 February. Eventually, in March, this particular farming family gets its payment.

These cases are all over the farming press. You can understand why. It seems to be year on year. These are not farmers who are trying to catch you out. Some people feel they have been singled out for special treatment. I am sure that is not the case, but you can imagine how they feel. You are just not communicating. Why do you not tell farmers? Farmers do not like not receiving the payment, but they would be a lot happier if you told them why and when they might be likely to get it. You do not. How can you improve that? Nobody in business would run a business like it, to be perfectly frank with you.

Paul Caldwell: I can assure you that nobody is singled out.

Q67 **Chair:** No, I am not suggesting they are, but you can see their frustration.

Paul Caldwell: Yes. That is why we have made a priority of tackling the sorts of cases that you allude to, and why I said earlier that it is right that we do so, because getting it right is one of the ways to alleviate that original frustration. It makes the whole process a lot less tortuous for those who have to deal with us. It is also a more efficient way, if we can get to that position, for us to work. That is why I am appointing a new director, who will oversee not only the customer service we provide, but the customer experience. It is a new post, one that is overdue, because it needs somebody to lead very strongly on these sorts of issues.

Q68 **Chair:** You are going to put this person in place for customer experience. Are individual farmers going to be able to speak to him or her about their experience? That is the other frustration: that they cannot get through to anybody. They do not get through to the same person and the whole thing is so frustrating. If you are going to have a better experience, they have to have a better experience when they try to complain about their experience.

Paul Caldwell: Yes. It is my intention that I will bring somebody in, and we will try to resolve what is often seen as the trade-off between performance and communication.

Q69 **Chair:** You can understand our frustration, because we have had three or four of these sessions with you and your predecessor. It is always going to get better, there is always going to be something put in place and it never seems to happen. I do not want to have to bring you back here next year for absolutely the same line of questioning. You think that, having put somebody in who can deal with the experience farmers have had, they will be able to make their complaint and talk it through with somebody. Can you give that assurance? There will actually be communication between you and a farmer. It is a new experience for you and the farmer.

Paul Caldwell: That is what I fully intend for them to do.

Chair: That is all on record. I am going to have a lot of happy farmers soon, because they are all going to be contacted by the RPA.

Q70 **Julian Sturdy:** Talking about happy farmers, how would you rate your complaint-handling service and what is the average time for a successful resolution of a complaint? Hopefully you are not going to tell me 14 months, referring back to my earlier point.

Paul Caldwell: No. Peter can give you the figures and then I will come back to how I rate it.

Peter Bainbridge: In terms of the complaints, the average for 2017-18 was 78 days to clear a complaint, which of course is far too long, but I have to contrast that with the previous year, where it was up to 150 days on average to clear a complaint. In that sense, we have almost halved it. That has an awful long way to go.

I would also like to make this point. One of the things Paul referred to previously was around complaints and payment queries, where payments have been challenged by farmer customers, and we had genuinely focused resource on that cohort in the last few weeks. To give you an example, we had about 5,900 payment queries outstanding, again far too many, but last week alone we managed to clear 825 of them. That gives a sense of the prioritisation we have provided from the top of the business, to make sure that is our No. 1 priority, even though the claim window is open. We are doubling down on the payment queries across the various scheme years. We need to make sure we keep that productivity going, to get that workstack, as we call it, under control as we move into the summer.

Q71 **Chair:** Why is it always fits and starts with you in the RPA? Why is it not a steady process of reducing the number of claims? All of a sudden you seem to get a spurt, and then you go quiet for a month or two. You got going well in December, all of a sudden it was quiet and then there was another spurt. What creates that? Is it the fact you were coming here today and you needed a spurt before you got here, or is that a bit cynical?

Paul Caldwell: It is a little bit cynical.

Chair: That is a fair point. Go on.

Paul Caldwell: I do not want to lose sight of the original question, which was how I would rate the complaints. What Peter has given is a small testament to the fact that I have focused the agency's attention on the fact that there are people behind these figures. We are dealing with half as many twice as quickly, but I am not going to sit here and defend the figure of 78 days. That needs to be much, much better. The reason it takes long is that they are often quite complicated. The reason it would appear to go in fits and starts is that we get the overlap of one set of issues with another. Because we administer by scheme year, we will go into the next year and then have to pick through more of the hay, essentially, in order to get to the issue in the middle.

By its nature, it could lend itself to that, which is why I have set great store by trying to get some of that underlying activity right. It is why we focused on getting some of these prior year corrections right. It is why we have started to look at the root causes of the problems and stabilise those. It is the reason I took the decision to delay the opening of the claim window slightly this year, because it meant that we could go into that with all the preparatory work complete, instead of trying to do it with farmers not knowing what we had done or changing half-way through the year. It is also the reason why we have started the process, where we can, of introducing notifications, so that we can start to have a dialogue with people, for them to work with us and us to work with them, to make sure we can agree on the information, because that provides a more stable footing to go forward.

Q72 **Julian Sturdy:** Can I come back on that? On the 78 days, when does that start? The farmer goes through quite a specific process to raise a complaint. I cannot remember the form, but it is an online form. Is it an RLE form that they have to put back in?

Paul Caldwell: There are a number of different things. What Peter refers to is the specific activity where you want to make a complaint about something that we have done. The ongoing ebb and flow of exchange of information we do not regard as a complaint. For example, year on year, farmers always send us lots of changes to their maps through the RLE1s.

Q73 **Julian Sturdy:** Right, but there is a specific complaint form where you are not getting a payment for a field or a part payment, and you have to go back in and do it online. You do it through a specific mechanism now, do you not, rather than just ringing up?

Paul Caldwell: I think you are referring to the payment query form.

Julian Sturdy: That is probably it.

Paul Caldwell: The introduction of the payment query form is one of the things that I did. If you recall, at the very start of this conversation, I was saying how difficult it was to relate correspondence to outstanding payment. In an effort to get us more quickly to the heart of those issues where farmers thought their payment was incorrect, we introduced the form, so as to differentiate it from, for example, one of Neil's constituents—

Chair: We are going to have to speed up a bit.

Q74 **Julian Sturdy:** I just wanted to know when the clock starts ticking on the complaint. Is it when that form is received? Is that what you would class as when the clock starts ticking?

Paul Caldwell: Yes.

Q75 **Julian Sturdy:** We touched a bit on this, but I wanted to touch on the mapping situation. Given the potential problems arising from this year's remapping process, how confident are you that you will hit your targets for the 2018 BPS payments?

Paul Caldwell: I am pretty confident that we will perform just as well in 2018, if not better. There is a challenge to make amendments to all the things people would like to make amendments to. Coming back to the mapping, outwith the requirement to introduce those changes—and I have already explained we had pretty much run out of road; it was not something we could defer—that has led to a very small impact in respect of payments.

I accept fully that it has resulted in a lot of inconvenience. There are plenty of anecdotes around why margins have moved or fields have split and merged. Indeed, one of the things that I did quite early on in my tenure was to suspend the practice of splitting and merging parcels, because I could not see any benefit from it to farmers. We have contacted around 3% of farmers, as I said earlier, with regard to reductions. Around 50% of farmers have either had no change or had an increase in their eligible land, so it does not affect their payment. Of those decreases, about half are less than €100. The financial impacts of the changes have been very small.

Q76 **Julian Sturdy:** You are confident that the queries this will raise going forward are not going to affect the rollout of the 2018 payments.

Paul Caldwell: We will roll out as we expect. I dare say there will be an additional workload in order to satisfy those, particularly if we want to keep people informed. We have committed to advising people of whether we accept or reject the change, which again is something we have not done before.

Q77 **Julian Sturdy:** I know time is of the essence here. To interrupt on that, it has been reported in the farming press recently that there have been major errors in mapping data, referring to hedges coming on to maps. The hedge layer is part of an ecological focus area. Not all farmers, but a lot of farmers use hedges as part of their EFA claim. There has been a lot of talk, as I say, in the farming press about errors, either hedges not being on where they should be on or hedges being on where they should not be on because there are no hedges. Are you worried about that and is that going to cause a problem to the farmers who use those hedges as part of their ecological focus areas?

Paul Caldwell: This is a fairly new initiative. We have been mapping the hedges, in terms of getting the intelligence, for a long time. This time round, in an attempt to get on the front foot and work with farmers, we have shown them what we have before their claim year.

I take seriously the consternation. I have anecdotes, as you may have, and I will look at those concerns seriously. I should suggest, though, that where farmers need to tell us about them is where they have EFAs. That is probably around 14% of the claimant population. If there is enough EFA qualification for them not to matter, it becomes something of a moot point. Where farmers think they may be affecting their EFA, I am committed to working with them. We have been working quite recently with stakeholders, to make sure it is very clear to farmers just what they need to do and not do, and when they need to tell us about a change and when they frankly do not.

Q78 **Julian Sturdy:** Just to clarify, I think it has been reported that, if farmers need the hedges for their EFA and they are not being shown correctly on their digital maps, the RPA is saying they have to put in an RLE1 form to rectify that. Is your advice to those farmers now to do that, or do you feel, from what you have just said, that you can rectify it online before the deadline?

Paul Caldwell: Our advice to farmers is to make sure, first and foremost, that what goes in their claim form is correct on the ground. There is some information going on to gov.uk this week, and we have been working with the CAAV, NFU and others in order to get better-quality information out to their people. We are telling farmers that, where they think they will not have enough EFA qualification, providing they make it clear in the claim that the claim is correct on the ground, we can deal with the RLE1 sometime later. It does not have to come in by May 15. We will need to use it in order to check the claim before we can pay the claim, but that is some way down the line. We will look at all of those as and when. If they have enough EFA or it is not part of their EFA, I do not think they need to worry.

Julian Sturdy: It is just that you say, "We will look at them as and when", and then we have had the delay in payments. That makes me a little nervous.

Q79 **Chair:** I have another case where there is a 40-hectare farm. He is making exactly the same claim for this year. You have sent him forms that have two fields split up, which are arable fields. There are no fences there. You have also added three parcels of land that he does not own and does not farm. He immediately has to correct all this. It is your mistake. Are you not setting fire to things, so that farmers have to put them out and you create yourself a load of work?

I am sorry to be repetitive but, going back to the IACS payments in the 1990s, we had a huge problem with the maps the first year. After that, you did the Ordnance Survey maps. All you had to do was change what the crops were, and job done. You keep literally changing the bloody boundaries—excuse me, apologies again—and the new maps put in another fence that is not there. That is not the farmer's fault. That is your fault.

Then you will come back here next year and say, "We have had a lot of queries to do because we had all these problems with the maps". Who created the problem with the map in the first place? It was not the farmer. It is you. How can you get this right? Otherwise, more fires will start and you will come back to us next year and say, "It has been terrible, Mr Chairman. We have all these problems to sort out". Who created them in the first place? You did, not you personally, but the system.

Paul Caldwell: In respect of the hedges, we have used Ordnance Survey. They are not RPA maps per se. We have used a world-class mapping agency.

Q80 **Chair:** What about the fact that different information that is not part of a farm is being added to a claim? It should not happen, should it?

Paul Caldwell: It should not happen where there is a clear and obvious mistake. No, that should not happen. Quite often, there is a grey area in between. There is a difference in interpretation.

Q81 **Chair:** It is not a grey area if you have had three parcels of land added to your holding that you have never had, and if you have fences in an arable field, which obviously have no fences. No digital mapping or satellite will pick this up. That is clearly your mistake. That is the problem. It is not all the grey areas. I think you have too many grey areas, if I may say so, and not enough clear-blue-sky thinking to get it clear. If you create the problem in the first place, the farmer has to sort it out, and then we all have a problem because their payment is delayed, partly due to the fact that you sent them incorrect information in the first place.

Paul Caldwell: We have been working with organisations to get information out to farmers on when they need sorting out versus when they do not.

Q82 **Chair:** Do you admit, here in this room, that sending farmers a different claim, different land and different maps from what they have claimed they own in the past is wrong and it is your mistake, not the farmers'? If you do not admit it is your mistake, I give up on you, to be perfectly frank with you. How can you just suddenly change a landholding, change a field size or change a boundary when obviously it has not been changed? The farmers have to spend all their time fighting you to say that this is incorrect, when you have given them the incorrect information in the first place.

Paul Caldwell: I want to make it the case that farmers do not have to fight with us in order to put things right.

Q83 **Chair:** Do you accept you are wrong to do that in the first place?

Paul Caldwell: Where we are wrong, we are wrong, and quite often we are not in agreement as to what is wrong.

Q84 **Chair:** You are not always wrong but you are wrong in this particular case.

Paul Caldwell: I have gone over the actual impacts in terms of the finances. We have advised farmers that, where, for example, they are in sole ownership of the land and it does not affect their eligibility, unless they want to, they do not have to tell us about it. Of course, if they want to, we will—

Q85 **Chair:** In this case, they are not telling you about it, because it was not their land in the first place and they have been told by you that it is theirs. It is clearly your mistake.

Paul Caldwell: If we have misplaced a land parcel, that is something we should correct.

Chair: Thank you. We got somewhere.

Q86 **David Simpson:** Given all the smoothness we have heard about so far, with no problems or difficulties with the RPA, in taking on the additional responsibility for delivering the Countryside Stewardship Scheme, how can you give this Committee confidence that it will be administered the way it should be? Do you have clear outlines for delivery timescales, and how do you measure success, which I hope is better than you have explained to us today? Taking on the extra responsibility, do you think your organisation can do this?

Paul Caldwell: I do.

David Simpson: I did not expect you to say anything different.

Paul Caldwell: I also think it makes sense.

Q87 **Chair:** At least you will not be able to blame Natural England. That will be one advantage. Whether that makes it any more likely for the farmers to receive the payment is another matter.

Paul Caldwell: I do not think I have blamed Natural England for anything today.

Chair: Last year was interesting. Anyway, carry on.

Paul Caldwell: The reason it makes sense is that an awful lot of factors play into the administration of those schemes that are dependent on one another. We have talked about maps. They affect not only your direct payment scheme, but also your stewardship schemes, if you have any. There is a lot of expertise in both the systems and the processes that we have. We can bring that to bear on the process.

I would stress that, as part of a collaborative arrangement within the department, this is not about one organisation versus another. This is about us bringing our collective expertise to bear, to do the best we can to make sure schemes go smoothly. We have experience in a number of areas that are relevant to this. In many cases, it means farmers will have to deal with only one person and one organisation, not different people depending on which scheme they happen to be signed up to. We will be working very closely with Natural England colleagues. They will continue to do the things they do very well, and we will work together for the good of the outcome.

Q88 **David Simpson:** I referred earlier to the timescale and how you would measure success. How do you intend to do that?

Paul Caldwell: As to the timescale for the administration to be taken on by the RPA, we are currently looking at the autumn. That said, we will act prudently. We will not force issues if it would prejudice a good outcome, but we are looking at the autumn to do so. In terms of how I would measure success, I would measure success by improving the rate at which farmers get their money and the ability for them to make applications to the scheme.

Q89 **David Simpson:** Did you say you will measure success by how quickly farmers get their money?

Paul Caldwell: I did.

Chair: It will be quicker, we would hope. At the moment, Natural England goes out to look at the schemes, the landscape, the trees and everything on the farm in order to bring a stewardship scheme together. Will it carry on doing that?

Paul Caldwell: Yes.

Q90 **Chair:** What is different now, with the new proposal happening at the moment?

Paul Caldwell: At the moment, the advice on how to partake in the scheme and how to get the best out of it is provided by people within Natural England. They have that expertise. The farmer then submits an application. The application is assessed. The agreement is made. Subsequently, there is a payment made on the agreement. We will be helping the end-to-end of that process happen more expeditiously.

Q91 **Chair:** What is that in English? At the moment, like I said, Natural England goes out and creates the scheme. At the moment, it brings the scheme to payment, and you make the payment. Where are you now going to intervene more quickly in the system to make it more seamless, so farmers receive their payments? I am going to be very optimistic on this.

Paul Caldwell: We will do two things. We will receive the applications for agreement, administer them and then go on to administer the payments. We will also be working with Natural England colleagues in where we think it could be simpler. We will be very mindful to use their well-honed expertise.

Q92 **Chair:** Do not forget we are probably going to change the stewardship schemes anyway. You are taking the present system and hopefully making it more streamlined. Is that right?

Paul Caldwell: That is right.

Q93 **Chair:** Are you confident that will happen and it will not make it worse rather than better?

Paul Caldwell: That is in addition to simplifying it where we can, which the Secretary of State has given a commitment to do.

Q94 **Chair:** There have been huge problems of farmers waiting on stewardship schemes, getting them accepted and processing them. That is not all down to you, but will what you are doing with Natural England actually help that?

Paul Caldwell: We will be looking at that to make the process more streamlined and simpler.

Q95 **Chair:** We will have a lot of happy farmers claiming their stewardship schemes when you come in and see us next year. Is that right?

Paul Caldwell: You said "when" I come in and see you next year.

Q96 **Chair:** I think you might be having an invitation.

Paul Caldwell: I am not going to say what will happen next year in respect of stewardship, but by next year I hope we will have been able to bring those simplifications to bear and start to show results.

Q97 **Chair:** We will be really happy to hear what they are. It might be quite useful if you could give us a bit of written evidence to show us the nuances and changes, because it is quite difficult to do it all in Committee here today. We would be very interested, and I know farmers and the farming press would be, so they can get it out to farmers.

This question from me is a little bit cheeky but I am going to ask it nonetheless. In March last year, you said that the RPA CEO grade would be reduced following a reduction in responsibility, so your grade is not quite as high as your predecessor. Given the increased responsibility that will come with delivering the countryside stewardship scheme, do you think your grade should be increased again?

Paul Caldwell: I would concur with your first statement, Mr Chairman. It is a little bit cheeky.

Chair: I do not lack cheek. You know that.

Paul Caldwell: It is not for me to comment specifically on that. I told you last year what I thought I could bring to the Rural Payments Agency. Quite a lot of the things that are needed in the stewardship scheme are quite similar, even if their basis is different in terms of which pillar of CAP they are. The basic premise of the scheme and the experience of it is something I would hope to be able to influence positively.

Q98 **Chair:** You feel that the grade you are on is sufficient and right for the job, do you?

Paul Caldwell: That is a matter for others to judge as and when they run the department.

Q99 **Chair:** As a matter of aside, who makes the judgment on that? Is it the Permanent Secretary? How is it done?

Paul Caldwell: I am not exactly sure how that works.

Q100 **Kerry McCarthy:** On Brexit, you will be glad to know we are moving on to the easy stuff now.

Chair: You think Brexit is easy, do you?

Kerry McCarthy: We have already talked about you taking on responsibility for countryside stewardship, but there will be another upheaval coming along when we leave CAP. It is still quite up in the air as to what a future subsidies system would look like. What discussions have you had so far with Defra about how future payment systems will work after Brexit?

Paul Caldwell: We are very closely involved with the department. All light-heartedness aside re my role, when we talked about the role and its relationships, I spoke about the fact that the grading reflected a more centralised arrangement in partnership with the department, rather than an entirely devolved agency set-up. I report to a director-general. That director-general has oversight of the EU exit schemes as well. It is now part of my day-to-day involvement and our closer working with the department.

We work closely with the department. We have been working closely on day one readiness and providing advice to simplify options during the transition period. We are providing project management expertise. We are providing some policy expertise. I play a part on the steering groups within the department. We are very closely involved in the Brexit preparations.

Q101 **Kerry McCarthy:** You will see that, in the command paper, there is an outline of potential conditions for receiving payments during transition. One of the options is basically carrying on with a simplified version of what we have at the moment, with cross-compliance and so on. The other is paying current recipients irrespective of the area farmed. Do you have a preferred option for either of those?

Paul Caldwell: No, I do not have a particularly preferred option in respect of the fact that I do not think it is right to pre-empt the consultation. I am here to deliver what farmers need us to deliver. My preferred option is always to try to keep it simple and risk proportionate, and encourage responsible land use. Providing it fulfils those criteria, I am minded to leave it to what farmers want.

Q102 **Kerry McCarthy:** A new system that comes in could be potentially quite complicated. What is being proposed by the Government at the moment is quite ambitious. As they look to how they want to reshape subsidies, the practicalities, the logistics of administering these payments, getting the money out to people, making sure it is all paid for the right reasons, gets to the right people and is monitored in the right way, are you confident that that will be part of the decision-making process? Will it be perhaps a more philosophical or political approach about public goods, then worrying about how it is going to work afterwards?

Paul Caldwell: My role, which goes to your first point, is to make sure that the department considers deliverability in anything that is formulated.

Q103 **Kerry McCarthy:** Are you aware of the work that has been done by the Sustainable Food Trust? Patrick Holden has been looking at how to try to group all the metrics for measuring public goods together. Have you seen that at all? Yes, so do you have a view on it?

Paul Caldwell: No. I am not that analytical, I am afraid.

Kerry McCarthy: It is quite interesting stuff.

Q104 **Julian Sturdy:** Leading on from Kerry's line of questioning, what resources will you need to develop and deliver a new payment system, and are you confident that the RPA has the capacity and expertise in its system at the moment to deliver this on time?

Paul Caldwell: I am confident that we have the expertise. We are busy making the capacity. One of the ways in which we get that capacity, of course, is stabilising the current schemes in order to deploy that change capability on to the new one. I do not see the two as inseparable. I have used the word "stability" many, many times today. It is imperative that we stabilise BPS and start to use the capability and skills that the people who work for me have in order to shape the outcomes for the future. We have already begun that. I already have a significant presence within the work that is going on via the teams working for me that are involved in it. So far, that has been perfectly manageable.

Q105 **Julian Sturdy:** How much have you increased capacity by?

Paul Caldwell: I have not increased capacity. We have redeployed capacity. Do not forget we had a very large—

Q106 **Chair:** You have reduced the numbers, have you not?

Paul Caldwell: Our overall headcount for RPA has reduced. We have had people working on things such as setting up the basic payment scheme. As the requirement for that has come down, rather than let those people exit the department, we have redeployed them into working on EU exit.

Q107 **Julian Sturdy:** Going back to the first point of the question, do you feel you are going to need any extra resources going forward?

Paul Caldwell: It is a wider question than one for RPA per se. There is a departmental need to increase resources, which it is doing. We are contributors to that need.

Q108 **Julian Sturdy:** You think the RPA will need extra resources going forward.

Paul Caldwell: It will not be RPA-specific resource that is required. The capability that exists within the RPA will be required in a number of areas across the department.

Q109 **Chair:** As a final question, when we leave the EU, have you talked to Defra about what your role and status might be? One problem that is not of your making is that Europe says, "Every three years we must remap". That causes you and the farmers a load of grief. Fields do not change very much in reality, so there would be a way of clawing back a payment if it was over-made. Are you in a position to advise Defra on a way of administrating a new scheme that, dare I say it, could be a lot simpler than the one we have inherited from Europe? I do not want us coming up with an even more complicated system. I think we have an opportunity. You guys are at the chalk face. How much can you feed into Defra and are you feeding into Defra?

Paul Caldwell: I will start with the last question first. Yes, we are. We have a lot of capability and potential to feed into those discussions. We also have a lot of opportunity to feed into those discussions. I would agree with you and recognise there are a lot of good skills within the agency that can help with deliverability and getting it right. We have every opportunity, and we are taking those opportunities in our day-to-day work that I have already outlined with the department.

Q110 **Chair:** Can you see a simplification or not?

Paul Caldwell: We are in a good position to outline a number of areas where things could be simpler.

Chair: We look forward to those with great interest. I thank you both for coming in this afternoon. As you can tell, there is some frustration out there, throughout the farming community, about not getting their payments, not settling some of the historical ones and not being contacted or kept informed enough by you. Hopefully you can take that away and look at it. I would rather you came in and we said, "That is good, good, good" all the way through. You have delivered more payments, but there are a lot of problems for those still outstanding. I am worried about the new mapping and bringing back in other issues that then create fires that have to be put out by the farmers and their agents. We have gone through things in a great amount of detail. I look forward to having you in again next year, when everything will be absolutely rosy, will it not? Thank you very much.