

Environment, Food and Rural Affairs Committee

Oral evidence: Countryside and Environmental Stewardship Schemes, HC 2436

Wednesday 26 June 2019

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[Watch the meeting](#)

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

Questions 1 - 90

Witnesses

I: Paul Caldwell, Chief Executive Officer, Rural Payments Agency; Andy King, Operational Delivery Director, Rural Payments Agency; Alan Law, Deputy Chief Executive, Natural England; James Diamond, Director, Operations, Natural England.

Written evidence from witnesses:

- [Rural Payments Agency](#)

Examination of Witnesses

Witnesses: Paul Caldwell, Andy King, Alan Law and James Diamond.

Q1 **Chair:** Starting with Andy, would you like to introduce yourself for the record? Then we will go across the panel. Welcome, gentlemen.

Andy King: My name is Andy King. I am the ops delivery director at RPA.

Paul Caldwell: I am Paul Caldwell, chief executive of the RPA.

Alan Law: I am Alan Law. I am deputy chief executive of Natural England.

James Diamond: I am James Diamond, director of operations with Natural England.

Q2 **Chair:** Thank you very much. My first question is to the RPA. You took over delivery of the stewardship schemes in October last year. What was your assessment of the schemes as you inherited them and what were your priorities for fixing them?

Paul Caldwell: First, it is important to recognise that we are talking about two schemes. They, for convenience, are lumped together in order to describe what they do but the symptoms of their progress are somewhat different. This Committee has already heard quite a lot about Countryside Stewardship in particular. There was an assumption during the course of the evolution of Countryside Stewardship that the more mature Environmental Stewardship Scheme was in good shape. Our initial assessment was to accept that Countryside Stewardship was overly complicated and required some investment, as well as a bit of a rethink of how we went about achieving the objectives without compromising those objectives. That is a very important point to make.

Q3 **Chair:** Can I ask a supplementary on that? Naturally, there is an argument that quite a lot of resources were moved from Natural England to deal with basic farm payment and get that sorted out historically. Do not worry, Natural England; you will have a chance to have your say, but to what extent do you feel that was part of the problem? Not only was it about paying the schemes; quite a number of people found it difficult to get into the schemes as well.

Paul Caldwell: As a point of factual correction, the concern was the movement of people from Environmental Stewardship into Countryside Stewardship, rather than the Basic Payment Scheme, which has its own trajectory, which we have spoken about a number of times. This was a resourcing matter for, then, Natural England. Undoubtedly, there were responses to various prompts. To come back to your original question on my assessment, the assumption that Environmental Stewardship was in good shape was probably a tentative one. There are a number of reasons for that. One reason was that there were some changes to European regulations, which meant that claims could not be deemed from one year



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to the next and farmers had to apply annually. Another was the introduction of Countryside Stewardship, providing two plates to spin. Also, and importantly, the measurement by which people looked at Environmental Stewardship was to 95%. As you well know, Mr Chair, we get to 95% of BPS and spend most of the time in this Committee talking about the other 5%. Accrued over time, that starts to cause a bit of a problem as a backlog. When you compound that with all the other factors, that led to something of a resourcing problem for Natural England.

Q4 Chair: Is that resource situation any better now? Do not worry, Natural England; you can come in and speak for yourselves, but in some ways it would be good to have your opinion on the matter.

Paul Caldwell: It is better now. There is an interconnectedness about my assessment and the questions we may come on to. One of the challenges that organisations face in dealing with problems of this nature is what to deal with first. There are a number of political drivers at play that determine the prioritisation of resources. My colleagues will have their views. To come to your priorities point, our first priority was to simplify Countryside Stewardship where we could, and we continue with that work.

Q5 Chair: Have you managed to simplify it very much?

Paul Caldwell: We have managed to simplify it to a degree but not as much as we would like.

Q6 Chair: You would be feeding simplification into any future schemes, would you?

Paul Caldwell: Absolutely. There is a lot on that that we would agree on. We have introduced simplification: for example, the reduction of the evidence burden and the reduction of the amount of paper that people need to send to us.

Q7 Chair: My question there is, if you looked to simplify it, why it had not been looked at to be simplified before.

Paul Caldwell: There was probably a misapprehension of the difference between controls and regulation. That dynamic is a little bit subtle and is usually reduced to statements in order to simplify it. To your previous comments in a similar hearing, was the scheme gold plated? I do not think it was gold plated with regard to its intent.

Q8 Chair: It had some silver plating, did it?

Paul Caldwell: I do not think it is as simple as that. That is my point. The regulation is the requirement to do something; control is the means by which you need to do it. To give you an example, if I promise to keep in touch with each member of this Committee, I can provide evidence that I have kept in touch with members of this Committee in due course. If I promise to write to each member of this Committee with a detailed



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breakdown of all their constituents' cases by this afternoon, both of those things are controls. The intent is the same, to keep you informed, but I have taken upon myself a far greater burden in the second promise than I have in the first. There are similar parallels in the control environment for the schemes.

Q9 Chair: Could I ask you a broad supplementary question? This is not a criticism of any individuals, but is there a cultural problem? You have Natural England looking at the schemes and nature conservation, and you, not to be too blunt, are basically an accountant. You are making the payment; you are the financial officer, in a way. Is there a mismatch between the two? If there is, what are you doing to improve that?

Paul Caldwell: I do not believe there is. Historically, there probably was. One turning point in this particular story is that the relationship between our organisations has changed significantly over the past 18 months. James Cross, the former chief executive of Natural England, and I got together sometime before the transfer and discussed how we might have sensible conversations about the control environment I have spoken about, where we could satisfy the paying agency's needs but still promote the outcomes that Natural England advisers would like to see.

That meant that we identified capability in both organisations that could be used for the common good. We have embarked upon a formal programme of improvement, which involves me as the senior responsible officer but also a programme board, consisting of Natural England colleagues, Defra policy colleagues and the relevant support from things like IT. That has marked a change in the approach, which has enabled us to think more creatively, work more collaboratively and ultimately achieve a better outcome.

Q10 Chair: With this bringing together of Natural England and the RPA to deliver the payments, have you had any extra resources to deliver that or have you done it with the resources that you already had in the RPA? You must have had plenty if you have not had any extra money. I am being slightly facetious.

Paul Caldwell: Budget in Government is always a constraint and always tight. I do not think anybody has given me a pot of gold to go out and spend. However, we did take across around 700 employees who were formerly employed by Natural England and brought them into our fold. Coupled with the fact that we therefore created the potential for flexibility, one of the things that we have done is reduce the rigidity of boundaries between people working on Environmental and Countryside Stewardship. We have started to return some of the expertise that was hitherto deployed to fix Countryside Stewardship back to Environmental Stewardship and increase that flexibility.

We have also had something of a dividend. We have not met since BPS payments were made in excess of the promises made to this Committee, but one of the things that you will recall I was keen to stress at previous



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appearances was my reluctance to commit to excessive targets, down to the fact that there was a legacy to address from previous years. We have now addressed that legacy, which gives us something of a dividend. We have started to train those people across schemes and more flexibly deploy resources across all of the CAP payment system, rather than any one particular strand of it.

Chair: I would like to give you credit for that because, if you do not deliver, we are very fast in having you in here and complaining bitterly that you have not. Now that you have, I want to give you credit for that. Naturally, there are still a few historic cases that you are drilling down on but, like I said, I want to thank you for that delivery, because it is only fair to do so. I will leave my question there, because Natural England has question 2, which John will come in on now. I am quite happy for you to embrace within that some answers to the question about your relationship with the RPA.

Q11 **John Grogan:** It follows on from that. It would be interesting to hear from all of you exactly who is doing what now, the RPA and Natural England, under the new arrangements and so on. It is a broad-brush question. Are you working well together? Is it clear who does what?

Alan Law: If I open, James can provide some more detail. The first thing to say is to echo an awful lot of what Paul has just said. Relations between the two organisations are in a very different place. We are working collaboratively. We recently signed an MoU about our relationship in relation to CS work, and our position is very much about trying to get the best outcomes and help the RPA deal with the simplification agenda that has been described. Your opening question was whether these schemes were in good health. There are two aspects to that. Were the schemes essentially good in terms of their content and functionality to deliver environmental outcomes? That is one element. The other is whether they were smooth to operate and easy to access and administer for the customer. You get very different answers to the two.

We think these are good schemes, but there have been well-documented issues in their management. Similarly, depending on how far you wish to go back, there are well-documented discussions on the prioritisation of BPS instead of investment in the IT systems around pillar 2. There were then choices about flexing workforces between ES and CS payments, first to make sure that the greatest number of customers got paid, which was in ES, and then a shift into CS to try to help stand up that scheme, which ended up compromising some of the services to ES.

Q12 **Chair:** Some of the frustration for farmers is naturally that you have the complexity of the European scheme, but farmers just see the complexity of what you are providing for them. It drives everybody mad. Is it getting better? Can you make it better?



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Alan Law: Our experience is that those who are in the scheme report they like and are pleased with the scheme. Are we making it better? We are working very closely with Paul and his team on things such as introducing online batch options, packages of options, that can be easily accessed. We have worked with Paul and his team on where and how you use HLS extension in a complementary fashion alongside Countryside Stewardship options. Yes, we are working well to improve the scheme.

Q13 **John Grogan:** Are there any other reflections on this?

James Diamond: On the detail of our role now alongside the RPA, the transfer of the payment side and administration of individual agreements moving to the RPA has given Natural England the opportunity to focus on our strengths while the RPA focuses on its own, hopefully for the benefit of our customers and the natural environment. We still have a very strong role in helping farmers into the scheme. We will have contact with about 8,000 farmers this year, bringing them into the scheme, both at the higher tier levels and with mid-tier options through our catchment sensitive farming work. We have an ongoing role supporting farmers who are in the schemes and we will give about 70,000 hours of advice to farmers who are in schemes to help them really deliver the best value out of those agreements.

We have a role in monitoring and evaluating what the agreements and the schemes achieve, to influence future design. We are playing to our strengths alongside the strengths that the RPA brings.

Q14 **John Grogan:** Can I drill down a little? I have been listening to the opening discussion. There is a balance in terms of public policy, in making these schemes as unbureaucratic as possible for those who are operating them. There was also a need for the public purse and the taxpayer to be assured that they are delivering the outcomes for which they were set up by Parliament. I asked a couple of Parliamentary Questions about higher level Environmental Stewardship schemes. I got the answer back that there were about 1,892 that had completed 10 years or whatever. Of those, 832 had had one visit during the course of those 10 years. Indeed, most of them had had some visits, some more than one, but of the 1,677 visits 866 had happened in the last year, when they were almost checking out.

Fair enough, make it as unbureaucratic as possible, but are we satisfied that we got value for money during that period and that it was not a box-ticking exercise? Will it be better in the future? Are there any lessons to learn from that? It should be as unbureaucratic as possible, but you have to satisfy the taxpayer that we are getting value for money.

James Diamond: That builds to a certain extent on some of the information I have just given you. We have a programme of visiting farmers while they are in agreement. We also have about a £3 million programme of monitoring evaluations. That is not about individual agreements; it is about looking at what the schemes are achieving. We



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can send you some further details on that after today. We will normally visit a couple of times formally during the agreement, which I think will be in the figures that you have received, but there will also be a lot of more informal contact when the farmer wants a little bit of advice about how to deliver a particular option, which would not be recorded as a formal visit. It is that monitoring and evaluation programme that is really looking at the value for money: are the schemes achieving the outcomes that they were designed to achieve?

Q15 John Grogan: Will it be different going forward with the RPA, or was it hunky-dory in the past so you need not add anything on? Was resource a factor? Could you have done more if you had had more resources?

Paul Caldwell: One of the things I am trying to stress is that our roles are complementary. To the original question about the relationship in the past, and making it an either/or, that is somewhat of an internal discussion to the detriment of farmers and landowners. What we have embarked upon is to use our complementary skills, recognising that Natural England offers world-class conservation advice and we know a thing or two about how to run services interfacing with the public. Blending those skills to get the right outcome means it is less of a compromise.

As the paying agency, we are obliged to make sure things are properly controlled. We are obliged to report to the European Commission on the disbursement of funds, and we are examined by the National Audit Office on the way in which we conduct our business. Principally, as the Chair has pointed out, I am the accounting officer for the paying agency, so the public purse is very much in our minds. But we all want to make sure that we are not spending money on the administration of the schemes, and we are spending money on increasing take-up of the schemes, to improve the public good, and taking heed of the advice that our Natural England colleagues provide.

Alan Law: For absolute clarity, although the figure of 700 staff moving across from Natural England to RPA has been well referenced, the work that we do, which James described, on front-end services with farmers, on aftercare, and on monitoring and evaluation, is all unchanged from before. It is not affected by that transfer of 700. That transfer of 700 related more to the back office functions of running and operating the scheme.

Q16 John Grogan: As a final question, are you satisfied that, of the people you have left, you have enough?

Alan Law: We have enough to operate at the scale we are currently operating at.

Q17 Chair: The new world might want a lot more.

Alan Law: In the new world under the new environmental land management scheme, depending on the policy ambition, so the reach of



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the scheme, and on the delivery model that is chosen, whether it is through a primary public sector supplier or through a range of alternative suppliers, there will be more advice needed. We certainly believe we have a strong role to play in both helping Defra design the scheme that will deliver outcomes, and then providing the technical advice that will get the best outcomes from it.

Q18 **Chair:** James, I think you said 70 hours for each scheme on average; is that right?

James Diamond: No. I said 70,000 hours will be given across England.

Q19 **Chair:** Oh, right. I suppose it depends on the scheme and the size. There is an argument from some as to whether you get out enough. It is not necessarily your fault; it is because of resources. Do you get out enough on the farms to be able to advise them? Some of these schemes are complex. While we may simplify them in the future, there will be much more complexity to an environmental scheme than there is to the basic farm payment. For the basic farm payment, it is basically grass, cereals, strips, hedges, et cetera. You map them out and they are all done. Stewardship schemes and whatever comes with environmental schemes are going to be more complex. The farmers are going to need to understand it in order to get the delivery for nature and conservation. Are you confident or do you have plans of how you are going to get enough people out? Somehow or other, we need more advice on the practical side of the schemes going into farming.

James Diamond: There are a couple of things on that. Once farmers know they are going to be paid regularly and get payments on time, so the basics, the magic—

Q20 **Chair:** That would be a real advantage. They are more likely to sign up to them as well, then.

James Diamond: Indeed. The magic in agri-environment schemes is bringing good quality advice to the farmer who knows their business, their land and its potential. There is lots of evidence that that is what delivers the best outcomes for the natural environment and therefore for the public purse. As Alan has said, it looks like ELMS will need more of that advice. Some of that may come from Natural England. Some of it may come from other places. What we know from our own evidence and our work with farmers is that they greatly value that advice and recognise they need it to deliver really high-quality things on their farm for nature and the public.

Q21 **Chair:** Some farmers, by their nature, will be more environmentally inclined and some will be less. That is where there will be quite a challenge in the future.

Alan Law: One of the aspects of the new scheme, we hope, which has been tested, looking at payments by results, involves a higher level of



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environmental knowledge possessed by the farmer. That therefore requires training investment upfront.

Chair: Some farmers will naturally move into that direction and are probably in that direction already. Some will not. That is going to be the challenge.

Q22 **David Simpson:** I want to deal with the issue around applicants. The manuals for the Countryside Stewardship Scheme say that successful applicants will see their agreements start on 1 January but, every year, some farmers are still waiting for confirmation several months later. How many new agreements will still be waiting to start after 2020?

Chair: That is probably for Natural England, is it not? They have to be brought to fruition. Who wants to start?

Paul Caldwell: That is for me. This goes back to prioritisation. As you have appreciated, there is a sequence that farmers need to go through. One of our first priorities was to simplify the application process to get agreements out. We were in a position where farmers had outstanding agreements, in some cases from the year before, that had not yet been signed, other than in draft. Our first priority was to make sure everybody had a timely agreement. We have done that in over 95% of cases this year. Most of those people have already had agreements.

We had applications for 2020; we have around 11,000 applications for the 2020 round. One of the things we have done is automate the generation of the packs and allow people to apply for themselves. Of those 11,000, around 8,000 were customer-generated. We think we have regularised that particular part of the cycle. There are still some historic issues to address with the claims payment but that was one of the first improvements and, I would say, early successes of what we have been able to do.

Q23 **David Simpson:** Give us those figures again. You are saying you already have 11,000 applications in.

Chair: Are you saying 8,000 are processed? Are there 3,000 left or is that too simplistic?

Paul Caldwell: No, we have completed around 2,500. There is a further 1,500 that came in online. We are well on track to have those agreements generated by January 2020.

Q24 **Julian Sturdy:** I wanted to pick you up on that, Paul. So 11,000 applications came in. This was before the 31 May deadline, was it not?

Paul Caldwell: Yes.

Q25 **Julian Sturdy:** They are expressions of interest, are they not?

Paul Caldwell: Yes.

Q26 **Julian Sturdy:** They have to go through a process by 31 July. How many



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of those do you anticipate actually going through on 31 July? What is the dropout rate? That is the question I am really getting at.

Paul Caldwell: I do not have those figures. If you would like me to come back to you on those, I can.

Chair: If you could, put that in writing, please.

Q27 **Julian Sturdy:** It is easy to express an interest, is it not? When you actually see the forms and go through the real detail of applying and putting it together, which is obviously what takes some considerable time and thought, as it should do, that is when those growers, landowners and farmers will ultimately decide whether they really want to take that next step.

Paul Caldwell: I can give you some context to tie that question in with a previous question.

Chair: We are straying slightly into question 4.

Paul Caldwell: We completed 98% of the 2019 agreements, 94.5% in mid tier and 95% in higher tier, before the end of March, which then allows people to claim for the May deadline. That compares with 28% in mid tier the year before and 55% in higher tier. There has already been a significant uplift. Taking the point that the 11,000 might not materialise into agreements that are signed up, the point nevertheless is that we have regularised the cycle to be able to get agreements out in time for people to make a claim.

Q28 **Julian Sturdy:** I am conscious of not straying into question 4. At this point last year, what were the numbers?

Paul Caldwell: We had 28% of mid-tier agreements issued by 31 March and 55% of higher tier.

Q29 **Chair:** I would prefer you to give us the numbers in writing. The trouble with percentages is that there is 28% of this, 10% of that and 5% of something else. It does not mean a great deal. I know that from your point of view that is how you do your statistics.

Paul Caldwell: We will write with a full breakdown but it is just shy of 4,600.

Q30 **Julian Sturdy:** If you have 11,000 at this point this year, what was the figure at this point last year?

Paul Caldwell: I do not know the ratio of applications to final agreements. I will write to you.

Julian Sturdy: All those figures would be useful to have, if that is okay.

Chair: The point that Julian is making is that we do need exact numbers to know what exactly it is that is improving. That moves us straight into question 4.



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- Q31 Mrs Murray:** There have been repeated criticisms that the application process is much too complex and not user friendly. Is there any evidence that people are put off applying by the complexity of the process?

Paul Caldwell: I do not think there is statistical evidence that we could definitively point to. There is anecdotal evidence. One of the early points to address, as we talked about simplification, was making it easier for people to apply. I talked about reducing the evidence burden. We have increased the online offer. We have opened new offers for things such as wildlife packages to encourage people to apply. We have increased the ability for self-service and provided a single point of contact where people can get help.

They are all measures. We are still in the relatively early stages because the application cycles are a little way behind. At the point we took over, we were looking at paying 2017 claims. Our next priority was to get out the application packs and get people signed up to agreements for 2019. We now need to pay the 2018 claims and carry on that cycle. The improvements are there. We have seen an increase in the take-up.

- Q32 Mrs Murray:** We have also seen repeated delays. Are the repeated delays in issuing new agreements because farmers have been unable to successfully navigate this process?

Chair: I also want to bring Natural England in at some stage. Do not forget; you have been managing these historically. I am pretty sure that quite a number of farmers have been put off going into the schemes because either they have not been accepted or they have been too complicated.

Mrs Murray: Absolutely, and our casework shows that.

Chair: When Paul is finished, I would like to bring Alan and James in.

Paul Caldwell: To give you some comparisons, at 1 January 2017, there were around 4,000 agreements that had taken 12 months to issue. At 1 January 2019, there were around 6,000 agreements that had taken three months to issue. I am not being complacent—there are still a lot of legacy issues to deal with and dissatisfaction over a period of time—but there is very definitely an upward trajectory in what we are seeing in terms of signing people up to agreements, which is a sort of proxy measure for people getting involved. We have seen increased numbers of people getting involved. I do not deny for a moment that it was overly difficult for people to apply. That goes to the heart of the very first question: what was our priority? Our priorities are getting people paid and getting people into schemes, in order to return a good value for the environment.

- Q33 Mrs Murray:** There are still a lot of people waiting to be paid beyond what was promised.

Paul Caldwell: Payments is another topic. There is a lot to do on payments.



Q34 Chair: We will deal with that in a minute. Could I bring in Natural England? Like I said, I have had a lot of people over the years who have said, "We gave up trying to get a scheme. We also got turned down". What on earth was happening? Is it better now? Why did we get ourselves into that situation?

James Diamond: To go back to our monitoring and evaluation programme, one of the pieces of evidence we have published recently is an evaluation of the first two years of Countryside Stewardship. We looked at the barriers to entry. You will not be surprised to know that the application process was identified as the primary barrier to entry into the scheme. There is a common ground here that we all recognise. Paul has explained some of the streamlining measures that have happened since, and continue to happen, to make that easier and better for people. That appears now to be bearing fruit in the numbers—we got a bit lost in numbers—that Paul is talking about of those who have now applied this year.

Q35 Chair: I am reasonably happy that it is getting better, but we want a little more of an explanation as to why it took so long. There were people, I am pretty sure, who never got into the schemes and were put off the whole thing. When we are looking to be more environmental, it seems a crazy world to be in. Why did you take so long to work out that something had to be done? Was it your fault? Was it Defra's fault? Was it the RPA's fault? Whose fault was it? Was it your fault—not yours personally, but Natural England's?

Alan Law: Some of the historical reasons are well rehearsed, but, as Paul described earlier, we have now been working together not just since the transfer, but for a good year before the transfer, on making things better. That is starting to show benefits now. It is now simpler. It is not perfect. There is more to do. We have already talked about the evidence issues and the amount of evidence that people had to collect to put together an agreement. That is being improved. We now have the ability for people to generate their own packs online, which was not available for people. It was a very paper-based system. There are a number of issues. We cannot point to any individual or any individual organisation that was solely to blame. We had collective failures in here. For me, the important point is that we are diagnosing those and making it better for people, and have learnt what we got wrong in the first couple of years of the scheme.

Q36 Chair: I know you have plenty of work to do, but there must be records of people who tried to get into schemes and did not, who you have not heard any more from. I think they should be proactively contacted. I accept that you are making the schemes better. They are beginning to work a lot better. We accept all that. But there are people out there who were really put off by the whole thing. I know you have more than enough to do, I accept that, but could you be a bit more proactive? I do not know whether you could give us that assurance today, but I would like that done. Can that be done or not?



Alan Law: Can we have a look at the figures?

Chair: You will have records of who applied and who did not get in.

Q37 **Mrs Murray:** Have you done any of that? Have you gone back and engaged with anybody who perhaps has put in a complaint to you, saying that it was too complex and they have given up? I am sure some farmers have done that.

Paul Caldwell: There are two things there. Then I will hand over to Andy in a minute about complaints, because it is a topic that we have also begun to address. In terms of the people who are put off, we have not gone back over the previous years, but one of the things we routinely did in BPS, which we have now introduced for the stewardship schemes as well, is to monitor the process during the claim window and engage with people as to whether they intend to put in a claim, whether they are going to finish the claim they have started, and encourage them to do so.

Andy King: In terms of engagement, we spend a lot of time at shows and events where we talk to lots of potential customers and potential applicants, to try to get them on board and to myth bust at times. That is something we can look at more statistically in the way that has just been mentioned. In terms of how we understand the customer experience, we are also piloting some new ways of working on an account basis at the moment, working with a wildlife trust—we are looking to develop that—and some other customer groups, to really get behind the customer experience at various points, from the initial interest in a scheme all the way through to framing an application and what follows thereafter. We find that that gives us quite a lot of dividend in terms of how we inspect, the guidance behind that and how it is understood by our customers. There is a rich source of intelligence here that we are seeking to bring back into the organisation. We will be developing that team and a customer resolution function over the coming weeks. We are going to be recruiting into that area.

On complaints, that is something that I know the Committee has touched on previously. We are looking to integrate our complaints capability. We know that, very often, customers have issues across schemes. It makes sense to handle that from a single perspective. We have made good steps forward in doing that. We are working those complaints across stewardship schemes and BPS fairly quickly now. The vast majority, over 90% in the year to date, are within 30 working days to resolution, which is not the position we were in a year or so ago on BPS. It has been a real step forward.

Q38 **Chair:** Where was it a year ago?

Andy King: A year ago on BPS we were lower than 10% within 30 days. There has been a step change in how we are dealing with customer complaints, which is very welcome. I know it has been picked up by our customers and stakeholders. It has been noted.



Q39 **Chair:** Going back to the stewardship schemes, where are we?

Andy King: On stewardship, we are currently over 90% within 30 working days. I cannot tell you for last year because we do not have comparable figures. What we have delivered on BPS, in terms of that increased service on complaints, we have now integrated with our stewardship customers. I do want to say that it is the intelligence we get from that that is really valuable, in terms of bringing that learning back into the organisation.

Q40 **Chair:** There is a logic to working them together.

Andy King: Yes.

Alan Law: We will both chip in, because I do not think we answered your question fully. We can describe a bit of the process and possibly give you some assurance on that. We engage with farmers on HLS agreements that are expiring or those areas that we would like to bring principally into the higher tier. Each year, we work out a pipeline of those agreements that are expiring that need to be put into the higher tier, or those that are expiring where we want to steer the farmer towards the middle tier or some other arrangement. Those are the ones we are principally engaged in. We should be able to give you stats around expiry rates and those that have gone into higher or middle tier for each year of the existence of Countryside Stewardship.

Q41 **Chair:** And those that have come out, please.

Alan Law: Exactly. We should be able to provide the Committee with that. I can give an assurance that, in all those cases, we engage directly with the farmer, trying to steer them into the most appropriate route, which could be a higher tier application, an HLS extension under the right circumstances or middle tier. It will be a very small proportion where they do not go forward into some kind of agreement. We will get you the figures on that.

James Diamond: We also run a farm advice contract. We do not deliver the advice but we run farm advice events across the country to encourage people into mid tier. One of the target audiences that those contractors target will be people who have left, in particular, the entry-level scheme in previous years. Even if they left three years ago, and perhaps for the reasons we have described have not already joined Countryside Stewardship, they have been targeted to say, "Come and hear about mid-tier. It is getting better; it might be for you." They have not been just left. We can provide a bit more information on that.

Q42 **Julian Sturdy:** The Chairman mentioned that he and I have had complaints about applicants not knowing by the beginning of January whether they have been accepted in or turned down from the scheme. What is the latest that an applicant will find out? I say this because a lot of elements of the scheme—drilling spring nectar crops, grass margins, wild bird covers, et cetera—all have to be done in that spring window,



which will start, on most farms, in the March period. Are there any applicants who are going into that period and still not knowing, while having to make decisions on whether they start to implement this scheme?

Paul Caldwell: With regard to the answer I have just given, where we have not issued an agreement by March, we have been in touch with people to discuss with them the arrangements that they can make.

Q43 **Julian Sturdy:** What percentage is that?

Paul Caldwell: Off the top of my head, we are talking single figures.

Chair: Give that in writing, please, with numbers.

Q44 **Julian Sturdy:** When you are discussing that, is one of those discussions to ask them to roll it into the following year?

Paul Caldwell: The discussion is centred primarily on what is needed for the agreement and giving assurances about the agreement in time to make the claim for that year.

Q45 **Julian Sturdy:** It is about trying to get that agreement through rather than saying to them, "We are timed out now. You are going to have to reapply".

Paul Caldwell: There are two separate issues. The agreements for which they have already applied, which will take effect from 1 January the following year, and then subsequently they will claim on, are what I am talking about. The answer that Alan and James have previously given is that we also have an approach, which we work together on, to identify those people coming out of existing agreements, primarily ELS, and to work with them to move them into a new agreement.

Q46 **Julian Sturdy:** I am talking about new applicants, though, because they are new applicants who are coming into the scheme.

Paul Caldwell: We will either issue the agreement to them in time for March or we will contact them to discuss it.

Julian Sturdy: I am still not 100% clear.

Q47 **Chair:** What I am quite interested in is the stage at which the scheme is transferred to you, Paul. Naturally, the nectar crops and all the systems that have to be in place for the stewardship schemes are done by Natural England, yet you, Paul, are answering as to when and how they can be accepted for the scheme. It is fine that you are doing that but I cannot quite work out how Natural England supplies the information to know whether you should be able to pay it. You are doing the paying. You are not processing the application. You are processing the physical application to be paid but at what stage, Paul, do you check with Natural England that the scheme is up and running or that there is an agreement with the farmer that he or she will do all the things that are necessary? You cannot just pay them out. How does that cross-fertilisation work? I



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need Paul to say something, and then Alan or James, please.

Paul Caldwell: I need to be clear: we run the scheme. Natural England's advice is advice that we respect and do well to heed. The situation, as far as I am aware, is that the adviser would never guarantee the agreement. The adviser would shape the agreement. It would always have to be accepted, endorsed and then verified. In running the scheme, we essentially put in place those measures we need in order to encourage people to apply, get them to apply and get new agreements.

Q48 **Chair:** Sorry to interrupt, and perhaps I am being too simplistic, but surely the RPA's role is that the application has been made on time, they are going through the process, you get the payments in place, and you work out all the systems of paying and accepting the scheme. Surely you do not do the detailed work on what the scheme entails—or do you? Being blunt, if you are doing all that, why do we need Natural England anyway? What is going on? Perhaps I am being too simplistic but you have not persuaded me yet on how Natural England and you work together to deliver the scheme.

Paul Caldwell: Maybe I have not made myself clear. It is, in fact, quite simple. We will administer the scheme. We will initiate the scheme and encourage people to apply. If people need advice in order to make their application, we will ask Natural England to give them that advice, because that is what it does. Not everybody needs advice, I have to say. One of the things that we have not really touched on here is that, going forward, everybody would like to see greater ownership of outcomes and a less patriarchal approach by Government. That is what we are all aiming for. Where advice is necessary, we will ask Natural England colleagues to provide it, to provide recommendations to us and to iron out any potential complications.

Q49 **Chair:** You just accept the form. You accept the fact that the farmer has ticked the boxes that say they will do this, this and this, and that they will grow this, this and this, but you do not have any means of checking that. That must be down to Natural England, surely. Am I right in saying that?

Alan Law: If we roll back, there is higher tier and middle tier. The higher tier has technical advice largely attached to it, so technical advice is provided by us. That is very much the small majority of the overall number of applications. We inform that choice through a combination of expiring HLS agreements and those areas that we want to proactively target for priority habitat creation, for example. As Paul has described, the RPA issues the paperwork and the invitations to apply. We work with the particular farmers who need to get technical advice. We also do that on CSF, in relation to a proportion of—

Q50 **Chair:** What about the farmer who thinks he does not need technical advice but could possibly do with it? Who finds him? Does anybody?



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Alan Law: Farmers can and do approach Natural England for technical advice, if they think they are suitable applicants for higher tier. We would seek to steer them, in that case, towards what we thought was the most appropriate regime, because we may or may not agree that higher tier is the appropriate avenue. We then work up higher tier agreements with the farmer. They are then submitted to the RPA, and the RPA makes the decision on whether to confirm and to issue those agreements. The RPA then undertakes the verification surveys as to whether the scheme rules are being complied with, and receives the payments. We have a role in aftercare, which is around helping the farmer achieve the outcomes of the scheme.

Q51 **Chair:** That is in the higher level scheme. What about the ELMS, the Environment Land Management Scheme?

James Diamond: Sorry, do you mean the future scheme?

Chair: Yes. Perhaps we had better park it there because we will talk a little bit about the future in a minute. I will leave it there.

Q52 **Dr Johnson:** Thank you, Chairman. I will start by saying that I am married to a farmer. I am going to move on to talk about payments. Once they have jumped through all the hoops of getting themselves on the scheme, they then have to jump through a load more hoops to get paid. The CLA said in 2018 that farmers who required an inspection and received one often had to wait over a year for that inspection report to be written and completed. Is that still the case?

Paul Caldwell: It is not, but it is nowhere near good enough in the time that we still need to take.

Q53 **Dr Johnson:** What sort of time is it taking now?

Paul Caldwell: The inspection report took around 70 hours to complete. We have reduced that to around 50; I would need to confirm that to you. That is simply the issuing of the report. The timeliness of inspections also depends on when the visit takes place, of course. The visit takes place in accordance with a schedule of a whole host of visits. The elapsed time of the year is not necessarily tied to the amount of time it takes to make an inspection.

Q54 **Dr Johnson:** So 70 hours is how long it takes you to inspect and process. That is the amount of man or woman hours.

Paul Caldwell: No, that is simply to process. The visit itself is separate to that.

Q55 **Dr Johnson:** I have a constituent who is in significant financial hardship at the moment, and this is the reply from your team this week: "There is still further work from the processing team required on"—the gentleman's—"agreements in relation to an inspection we carried out on your holding. We are required to carry out inspections against capital claims for a proportion of agreement holders each year". Fair enough. "I



have asked for the remaining processing work to be prioritised but at the moment I am unable to give a timescale as to when this work will be completed. We have been working to streamline and simplify the schemes as much as we can since the work transferred to us from Natural England. However, some cases are particularly complex, which can cause some delay. Please be assured we are monitoring—the gentleman’s—“case and will advise you as soon as we have an update”. That is, “Do not call us. We will call you. It will happen whenever it does”.

How does a farmer such as my constituent, who is in significant financial hardship because he has not received your payment, cope with that letter? What it essentially says is, “This is now, farmer, out of your hands. You have done the work. You have jumped through the hoops to get on to the scheme. You have been accepted on to the scheme. You have invested in it. We have done the inspection. You have complied with everything we need to do. When we get round to doing the paperwork, you will get the money, but we cannot tell you when. We have no idea. We cannot even tell you whether it is going to be this week, this month or in a year’s time”. Is that good enough for my constituent or anybody else?

Paul Caldwell: I have gone on record to farmers of this country—and written out to them all very recently—to say it is not good enough. There are three routes to the issue you describe. First, I would expect us to follow up on those conversations to keep in regular touch. Second, we have a route for financial hardship to deal with such cases, in order that we deal with them sympathetically and expeditiously. In recognition of where we are and in looking at the range of dynamics at play that we have described in terms of a proper programme of work to fix some of these measures, we have taken the steps that we announced this week to pay everybody.

Chair: Why can Caroline’s farmer not get 75% of the payment, like you do with the basic farm payment, and then you sort out the rest of it? The trouble is that, as Caroline says, this guy, or lady, is just waiting and waiting.

Dr Johnson: It is not just the fact that he is waiting, but that he is waiting with no concept of what is going to happen next. You say you are keeping in touch but you could write to him daily and say you have no idea of when it is going to happen. You could keep in touch more regularly but it makes no difference.

Q56 **Mrs Murray:** With the greatest of respect, I am not hearing anything to say that you recognise this is causing hardship or a clear plan for what you are going to do about it.

Paul Caldwell: On the contrary, very much in recognising it, we have not paid 75% but have announced that we will pay 100% of claims in both Environmental Stewardship and Countryside Stewardship, from all years, from 2015 to 2018.



Chair: This particular farmer is in limbo, because of the system.

Q57 **Dr Johnson:** If I could go back to your answer to my question, you said you had three things but you only gave me two. One of them was keeping in touch, which, if all you are saying is, "It will happen sometime", is pointless and wasting the time of those people who could perhaps be processing claims. The second thing you said was that there was a route for financial hardship. Nowhere in your organisation's letter to my constituent does it signpost him to how he could get access to that money.

Paul Caldwell: We would expect to signpost him. We have worked extensively with people on the content of letters that we write. There was a feeling, when we wrote out to people last year, that the signposting to hardship was somehow indicative of relying on charity and we had to be mindful of that sensitivity.

Coming to the third point, which you said I did not make, the announcement we made this week is a significant recognition, both in the measure itself and in financial terms, to pay everybody. If your individual constituent is not remedied by that, we can take that up outside.

Q58 **Dr Johnson:** Are you happy to look personally at my constituent's problem?

Paul Caldwell: Yes.

Q59 **Dr Johnson:** Excellent. Thank you. I will move on to the other part of my question, which is about interest. If I was not paid in any other profession for such a long period, going back to 2015, I would have expected to receive interest on the money that had been kept in your bank account rather than mine for all of that period. Will you be paying farmers interest where they have not received money for four years that they could have invested in getting further profit for their business or just stuck in the bank and received some money on?

Paul Caldwell: There are no plans to pay interest on agri-environment claims, as they are multiannual agreements.

Q60 **Dr Johnson:** There is no real incentive for you to pay them on time, because there is no penalty for not doing, is there?

Paul Caldwell: I prefer to look at it differently.

Chair: But I think you would accept that the farmer does not really look at it differently because the farmer has been waiting for perhaps four or five years to get a payment and has probably had to pay the bank interest and arrangement fees.

Mrs Murray: They may very well have had to take out a bank loan.

Q61 **Chair:** It gets people very frustrated. I know the complexity in the system and I know the problems you have had, but you have to recognise that the customers have feelings and, more than feelings, they



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have financial problems.

Paul Caldwell: Absolutely, and the reason I say I prefer to look at it somewhat differently is that I, and men and women in my organisation, do not like to look at it as there somehow needing to be an incentive for us to recognise that, at the end of each and every payment, there is a person.

Q62 **Chair:** If I do not pay my tax—if I do not pay the Government—the Government come back immediately and say, “You have penalties and interest; you have the whole lot”. So there is an argument that perhaps we should apply penalties on your good selves if you do not make the payment. I do not suspect that that will happen but it is an interesting question. Do you accept that the individual may well have had to borrow money and pay bank interest and arrangement fees for the privilege of money that is due to them?

Paul Caldwell: I accept that there is a range of factors affecting the way in which farmers do business. We have skipped over, to some degree, the point that I am making about not making farmers wait any longer, making all of the improvement programme that we have announced an arrangement that is incumbent on us to sort and making an advance payment to farmers for 100% of their claims going back over three years, to break this cycle, while we set about remedying stuff, precisely because we do not want them to be hanging on and waiting for us to, as you put it, get round to sorting it out. We have a programme of work under way. I recognise that that will not deliver results tomorrow. I recognise that farmers need results tomorrow because they have been waiting quite long enough and that is why we have taken the significant step that we have.

Q63 **Dr Johnson:** The Government said that they currently owe £115 million in outstanding stewardship payments to farmers. Do you recognise that figure?

Paul Caldwell: That is the figure we have announced we will pay, yes.

Q64 **Dr Johnson:** They have announced that you are going to pay that back, which is a good thing. How quickly will my constituents receive this money?

Paul Caldwell: We are looking to pay everybody by the end of July.

Q65 **Dr Johnson:** As a final question, how are you managing the risk that the EU will ultimately not repay that money?

Chair: This is Treasury money, not EU money, and you have to claim it back.

Paul Caldwell: The cycle of the way in which we claim money is unaltered. We claim money back from the EU on a monthly basis. In essence, it is almost like an invoice for whichever payments we have made in that month, and we will continue to do that. The difference with



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this arrangement is that that money will now serve to reimburse the Treasury rather than being paid out directly to farmers, as they have already had it.

Q66 **Dr Johnson:** Will my farmer have that money by the end of July?

Paul Caldwell: He should do. If not, we will be in touch.

Chair: Will you take that case up directly for Caroline?

Paul Caldwell: I will.

Q67 **Chair:** As an aside, the Treasury does not like putting money forward until the new financial year. That is what I have been told before. It would be quite nice if the Treasury was a little more generous and dished this money out in January or February, when most people have had it in December. Is there anything you can do about that, especially as you get the figures under the basic farm payment and stewardship scheme much more up to date? Am I right in saying that? It seems interesting that, every time we make payments like this from the Treasury, they seem to come after April. Is that a coincidence?

Paul Caldwell: No, it is not a coincidence. The normal course of events is that the Treasury expects Departments to live within their budgets, which usually have a financial cycle from April to April. It is not a coincidence. On this occasion, we will still be in very close contact with the Treasury about the state of the accounts come March, and it will be keen to see that we keep our accounts in good order. To all intents and purposes, some of this is an accounting arrangement and we will look to make sure it is properly executed.

However, there has been a recognition—and we have been working on this now for some time—that something extraordinary is needed to break the cycle of an annual problem, while we get to the root causes of the problem. That is what we are currently underway with doing.

Q68 **Dr Johnson:** You said it breaks the cycle. What additional resources have you been given to sort that out? It seems to me that you are not keeping pace, which has, for whatever reason, has caused the problem and these delays.

Paul Caldwell: Yes.

Dr Johnson: In order for the Treasury to get its money back, you will still have to process this information and go through it all. If you are concentrating on doing that with your resources, you will not have the resources to do the new cases, so how are you going to stop us ending up in the same problem again?

Paul Caldwell: One of the things that I pointed to earlier on is the way in which we have systemically approached it to address the various parts of the cycle. In terms of the current cycles, we are keeping pace. There is then the issue of what we are doing to be able to divert on to the legacy



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issues. If I come to a question you have not yet asked, but which is important as part of the story, the first six months that we have had in charge of Environmental Stewardship were, essentially, spent making good all the bridging payments for the years 2016 and 2017. Farmers will not have seen any substantial progress because they had their payment in the form of a bridging payment and we have had to work hard to repay the Treasury by the end of March. That legacy becomes the bit to deal with.

We have taken on extra resources. We have taken on around 200 people. We have occupied a brand new site in Peterborough. We have redeployed around 130 people, as I mentioned earlier, from the legacy of the Basic Payment Scheme. We are increasing the resources available to tackle the problem precisely for the reasons you describe. However, new resources take time to recruit, to train, to kit out, etc, and one of the things we have been in extensive conversation with the Treasury over is to give assurance that this programme is credible in order for it to take this step, but in recognition of the fact that that will take a bit of time, and that is time that we believe farmers do not really have because they have already been waiting for a substantial period.

Q69 **Chair:** Hence you have made these payments up front from Treasury funds. What would be nice to have on record is that you are confident that the situation will improve dramatically and that, this time next year, most farmers will have received their payments. Can you go as far as that?

Paul Caldwell: I am confident that the situation will improve dramatically. I do not want to go down the rabbit hole and get into targets.

Q70 **Chair:** You are very good at percentages. Would you not like to give me a percentage of the number paid?

Paul Caldwell: One of the factors in this discussion, which is in the Treasury's interest, is that, at the end of the cycle of stewardship—i.e. each European round of payments—the multiannual agreements come to an end in 2019, so there is provision for a late-payment penalty to be made on the UK for everything outstanding beyond June 2020.

Q71 **Chair:** That is right, and that is why you have to get it right, if you can.

Paul Caldwell: Therefore, we need to avoid that penalty.

Chair: We do not want a massive delay in doing that, but I understand the predicament.

Q72 **David Simpson:** Paul, you have touched on the bridging payments, but in future years will the RPA continue to rely on bridging payments to fulfil the stewardship claims?

Paul Caldwell: That is not our intention, no.



Q73 David Simpson: How do you see yourselves getting around that?

Paul Caldwell: There is a full circle in this conversation. In assessing the problem initially, I gave you a range of factors that need to be remedied. That requires a systemic root-cause fix, not a quick fix. The issue of bridging payments usually gets over a short-term difficulty, and one of the difficulties that all organisations such as mine and Natural England face is that there is a real-life environment out there and a real-life pressure to make payments, which cause people to take actions for the short term rather than the long term.

What we have done now, essentially, is underwrite the improvement programme, where we are looking at the root causes of that complexity, to simplify it, in order to put those on a regular cycle. Coming back to the question about regularising the applications, it follows that we would expect those people to be paid in the relevant year of their scheme and we are on a more regular cycle. That is what we have done with BPS and we are well underway to doing that with CS. We have a little way to go with ES but that is what we intend to do.

Q74 David Simpson: So you are confident that, as we move forward and as we come out of the EU and all that, these payments will be paid within that year and the bridging payments will not be needed. Are you confident? You talk about simplifying.

Paul Caldwell: I would not say that bridging payments are never needed. If I take BPS as a comparison, Andy will correct me but I think we made around 190.

Andy King: It was 184.

Paul Caldwell: We made 184 bridging payments this year compared to 3,000 last year. Coming back to a point that has been made several times in this Committee, 184 might be a small number but that is 184 people who have a need.

David Simpson: Yes, exactly—too many.

Paul Caldwell: Therefore, I would not rule out helping those people with that need.

Q75 Chair: In a way, you have answered my question. Hopefully, fewer people will need bridging payments on stewardship schemes being paid, but you will be ready to step in to do that, if necessary. What gets everybody so frustrated is that it seems to need to get a fever pitch, almost, before anything happens. I do not say that this is your fault because it is probably the political pressure cooker that blows and we do something. In the future, you are not going to allow people to have to wait so long. Can we have that reassurance?

Paul Caldwell: You can have the reassurance that we will not make people wait so long for payment. Bridging payments are not, I would suggest, my unilateral decision. There is a process to be gone through



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there: essentially, an approval from the Treasury to take a certain course of action. That will rely on a business case each year rather than political pressure.

Q76 Chair: Getting permission from the Treasury to spend its money must be similar to getting permission from God, I would have thought. Perhaps I am being a little too hard on them.

Paul Caldwell: That probably reflects your view of the Treasury more than mine.

Chair: That is a good answer. It is just the case that we want to state clearly that, if there are problems in the future, we can get those bridging payments out sooner rather than later.

Paul Caldwell: Wherever we identify a problem, we will engage with it early and look at the range of measures that we need to take, and I would not rule out bridging payments.

Chair: We will park that one there.

Q77 John Grogan: To come back to what we were looking at earlier, Natural England said in 2017 that it would evaluate the implementation of the Countryside Stewardship scheme to that point. What broad lessons did you draw from that evaluation?

James Diamond: A couple maybe. We can send you a copy of that report.

John Grogan: That would be useful, thank you.

James Diamond: We looked at what was stopping people joining the scheme, and I mentioned one of them. The two principal barriers were a perception of complexity to join, or more than a perception, and we have talked about that already, and a desire for more advice. These are common themes around people joining agri-environment schemes. They put great value on advice, both in joining the scheme and once they are in the scheme. It was very early in the scheme to look at what it was achieving, but one of the headlines we found was that, of farmers joining the scheme who had what we would call high-priority habitat such as heathland, upland heathland or blanket bog, almost 80% were choosing the right options and the right management to look after those habitats. Again, that suggests that the scheme, in terms of its options and the advice that people get to choose the right options, was helping people land in the right place with their agreement. That is an encouraging early sign of what the scheme might achieve in the longer term.

Q78 Julian Sturdy: On that, what sort of conversations did you have with outside bodies? The prime example, I suppose, is the water companies. Some of the options within the new scheme are to protect watercourses from surface water runoff, sediment and other things going into the watercourses, which water companies, ultimately, have to deal with. What advice and conversation did you have with those outside bodies



when you were coming up with the changes to the scheme?

James Diamond: In terms of the changes to the scheme, perhaps not so much.

Q79 **Julian Sturdy:** Quite a few of the options in the scheme are, I suppose, not new options but they have developed. That is probably a better phrase. How those options have developed is what I am trying to get at.

James Diamond: Alan may have a bit more on relationships with water companies but, in terms of specifics, we have some staff funded by water companies, who work in the south-east and the south. They are funded to do farm visits, to help people into agreements that help solve some of the problems you are talking about, alongside our existing catchment-sensitive farming officers. Water companies can very clearly see the benefit for them of seeing catchment-scale uptake of some of those options.

Equally, we work with other water companies on peatland restoration in the north, again because they can see the benefits of restored peatland for the ambition that they have for reducing costs of treating water. Water companies are a really important private sector partner in what we are trying to achieve through the scheme.

Alan Law: What James has described is the implementation, and I suspect your question is more about how you inform the scheme design.

Julian Sturdy: Yes.

Alan Law: The honest answer is that I am not 100% sure. We currently have about 40 specialists who are engaged in scheme design on the new ELM, and each of those specialists will engage with a different sector. They are experts in their field and they will engage with their sectors. I cannot put my hand on my heart and say that those options have been tested properly with water companies.

Q80 **Julian Sturdy:** I used that as one example of outside bodies, but there are lots of other outside bodies.

Alan Law: Indeed. My answer here is that we would be reliant on our specialists and their networks, and they are outward-looking by design in their roles, to bring that intelligence to the work that they are doing, but I am very happy to go back and follow that up with the specific example that you have raised and see whether that illustrates a wider issue.

Chair: If you could perhaps let us have something in writing, it would be useful. In a way, Julian, this supplementary leads into your question, does it not, about future schemes?

Julian Sturdy: It was my question. Sorry, Chair.

Chair: You are pinching your own question, which I do not mind.

Julian Sturdy: Was I question 8 then?



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Chair: Yes.

Julian Sturdy: I do apologise.

Chair: I did say you could have it. Perhaps I did not formally give it to you, so perhaps it is my apologies, not yours.

- Q81 **Julian Sturdy:** Question 8 was about the stewardship schemes feeding into the design of future farming programmes. When we look at the stewardship schemes, there was quite a bit of early criticism that, while farmers were happy to sign up to them, some of the options did not really deliver the environmental benefits that they were set out to do. Other options were hugely successful. When moving from the stewardship scheme to the new scheme, how did you go about assessing what were the successful options and what were the options that failed?

Alan Law: The thing I would emphasise is that that transition is still happening, so the design work is still being done. What is happening is a combination of bringing the learning from successes and failings—and James has alluded to this report, which we will share with the Committee—from previous schemes. We are also, with Defra leading and us supporting, developing the new scheme through a programme of tests and trials. The old scheme was designed and issued; this one is being developed very much through testing and trialling with a range of other partners, rather than an ivory tower design that is then taken out.

- Q82 **Julian Sturdy:** You are saying, then, that it has the flexibility to evolve and change.

Alan Law: It has the flexibility to evolve and change. It will be tested with different delivery models in different parts of the country, and that is where that stakeholder input should be drawn in.

- Q83 **Julian Sturdy:** Within those stakeholders, I have talked about outside bodies but some of the most important stakeholders are the farmers who are going to deliver this on the ground. Are you talking to them as they are physically going through these trials?

Alan Law: Absolutely.

- Q84 **Chair:** That links quite nicely to the last question. Both RPA and Natural England have, over the years, had new IT systems. Some have been better than others, shall we say? How concerned should we as a Committee be about the NAO's recent report on the new farming programme? Are you designing big new IT systems? If you are, are you confident that they may work?

Paul Caldwell: As Alan has already alluded to, it is early days. First, the NAO report is welcome in that it gives a steer into emerging thoughts, and it is always better to have a steer on emerging thought than something that is cast. I do not think it is anybody's intention to build something big, new and shiny. The tenor to the report is not to let the IT drive the design, but similarly not to design it in such a way that you end up with last-minute IT requirements that you have to implement quickly.



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We are taking a measured view, looking at what is and is not possible to reuse and what might work more simply across a whole range of measures, not just ELM but for future landscape.

- Q85 **Chair:** Are you going to design it in-house and across both yourself and Natural England? One of the problems with the previous scheme, on the mapping in particular, was that it was designed outside of the RPA and it took some work to get it compatible and so on. I do not know all the ins and outs but I know a little bit. We just want it to be user friendly and to get it to work. I would have thought that evolution was better than revolution, really, but where are you?

Paul Caldwell: The first thing to say is that it is not going to be designed by the RPA or by Natural England. It is part of a future farming programme, which is run by the Department.

Chair: By Defra.

Paul Caldwell: Indeed. We are very much involved in that. I sit on the programme board. We would not rule anything in or out.

- Q86 **Chair:** Was that not the trouble before: that Defra suddenly decided it wanted something different? Your predecessor never told us exactly what but he told us quite a lot. We do not want to go back down the same route. Naturally, we will ask some of these questions of the Permanent Secretary when she comes in soon. I suppose the question is how much notice, in the end, Defra takes of either you or Natural England when designing. That is a very loaded question.

Paul Caldwell: I am quite happy to take the question. We are very heavily involved with Defra in the rollout of the future farming programme. I have said before, in response to other questions, that I am an employee of Defra and, therefore, I have my role to play, not just as head of the RPA but as part of making sure that the 25-year environment plan succeeds. I have very good and very close relationships with people in the Department both on the programme and in policy areas beyond it, as have James and Alan.

We spoke in a previous Committee about the changes in governance arrangements in the Department and, indeed, the changing grading of my role, if you recall, in recognition of the fact that this was a closer integration with the Department in ways of working. I work with a director-general and I have regular conversations with the programme director for future farming and, indeed, with the Permanent Secretary. We are very closely involved and they are very keen to learn from the past. That is why we are taking the piloting approach.

- Q87 **Chair:** On the piloting, we are talking about 1,250 farmers in the first year. Do you consider that enough? Some people say the pilot schemes appear to be stalling on the ground, partly, I suppose, because of what is happening here in Parliament. We cannot get Brexit through one way or the other, but I am not blaming you for that, you will be glad to know.



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Where are we with pilots? Is it big enough and are they happening? What is going on?

Paul Caldwell: The pilots on the ground are probably a question more for my colleagues.

Alan Law: The pilots are happening. They are perhaps happening slightly more slowly than we originally wanted.

Q88 **Chair:** A lot of farmers say they have stalled. They are not really hearing anything and they do not know whether the stuff they are putting in is going anywhere, other than gathering dust.

Alan Law: There is a suite of tests and trials that are currently being evaluated. The bids that came into Defra this year exceeded the volume that it was going to be able to operate, so a bit of prioritisation work was undertaken there. I believe that decisions about where that spend will be have been taken. We are involved in some of the tests and trials of payment-by-results work in a couple of parts of the country.

To your broader question about the IT, I do not expect us to be heavily involved in advising on the shape and nature of an IT system. We are closely involved with the programme but very much focusing on technical advice about environmental outcomes.

Chair: You are probably very wise to keep out of the IT systems.

Alan Law: It is not the natural place for us to be advising. We bring to bear the experience of being the user of IT systems in terms of those being practical, flexible and applicable. We have experience to bring to bear there but not necessarily strongly in the design side of things.

Q89 **Chair:** Paul would probably like a scheme that is relatively simple to administer and similar across the whole country, where he could make that payment and it works very well. From an environmental point of view, and sometimes from the farmers' point of view, they very much want bespoke systems that are done much more locally because there are different soil types, different climates and different rainfall. There is an awful lot we can do. Are you confident that you can make them bespoke and also make the payment roughly on time? I see that they are slightly competing but that is where we would like to get to.

Alan Law: This is the policy choice that the Department is facing at the moment: does it have one system that tries to do everything for everyone or does it have a range of modules?

Chair: I am sure Paul would prefer that because it is easier to pay. I can see that.

Alan Law: The modular option provides more of that kind of flexibility to tailor your approach.

Q90 **Chair:** You might try a modular system, where, when Natural England comes to make the payments, you have the modules and you can make



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those payments on them. But then they should be able to change. You have moorland in the West Country and moorland in Cumbria but they need to be managed in different ways because of the climate, the temperatures and the rainfall. All those things are going to be interesting. Are you all confident that it is going to be done, and done seamlessly, with all the payments on time?

Paul Caldwell: Are we talking about the future scheme now?

Chair: Yes.

Paul Caldwell: I am confident that we will get the future scheme right if we take the right approach to it. For the record, I do not accept the distinction between modular, single or whatever. What matters is that people are engaged with the scheme, receive the right advice and have the simplest processes possible to be able to access financial reward for the services they have rendered.

Chair: That probably leaves us in a very good place. Thank you all for the evidence this morning. I feel there have been some good improvements made, so I would like to put that on record. There are still some historic cases to be sorted on both BPS and on stewardship, and I wish you well with those. As Members, we would make a plea: when we have particular cases that we would like you to look at and take up, please take them up, as you have done in the past. Let us carry on improving and, hopefully, when you come in next year, everything will be singing and dancing, and everybody will have their money. I appreciate the evidence you have given us this morning and thank you very much.