



House of Commons
Environment, Food and Rural
Affairs Committee

**Rural Payments
Agency: Government
Reply to the
Committee's Report**

Seventh Special Report

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The Environment, Food and Rural Affairs Committee

The Environment, Food and Rural Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Environment, Food and Rural Affairs and its associated bodies.

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Committee staff

The current staff of the Committee are Gavin Devine (Clerk), Tim Jarvis (Second Clerk), Richard Kelly and Dr Kate Trumper (Committee Specialists), Mark Oxborough and Darren Hackett (Committee Assistants), and Anne Woolhouse (Secretary).

Contacts

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SEVENTH SPECIAL REPORT

The Environment, Food and Rural Affairs Committee reported to the House on the *Rural Payments Agency* in its Sixth Report of Session 2002–03, published on 8 April 2003 as HC 382. The Government's Reply to the Report was received on 9 June 2003 .

Government response

Recommendation 1: the importance of the new IT system cannot be exaggerated: it will facilitate all of the activities of the Agency. In recent years there have been major problems with some new large-scale Government IT projects. Given the scale of the Change Programme and the consequences of failure, we hope that the management team is right in their belief that the Change Programme will be a success. Defra should monitor the progress of the Programme to ensure that the timetable for its implementation is adhered to and that it represents good value for money (paragraph 7).

Monitoring and Management

Defra monitors progress in line with the governance structure.

- The senior Directors and Johnston McNeill, Senior Responsible Owner are actively engaged in the Programme at both Programme Board and Project level;
- The Programme reports to the Defra 2000 Restructuring Board (chaired by the Permanent Secretary), the membership of which includes Mark Addison who has overarching responsibility for delivery within Defra and the Senior Responsible Owners for both this Programme and erdpIT;
- The RPA Ownership Board provides the Agency with strategic direction and oversight. Whilst the 2000 Restructuring Board monitors the Change Programme, overall progress is reported to the RPA Ownership Board. Both that Board and Audit Committee consider all organisational risks, including any from the Change Programme, that are escalated to the corporate risk register.
- RPA has a seat on and positive links with both the Defra Electronic Business Steering Committee (EBSC) and Design Authority;
- Regular contact is maintained with the Minister responsible for RPA, Alun Michael, who is also Defra's e-business Minister;

- The RPA Change Programme Director, Simon Vry, sits on the erdpIT Programme Board to ensure consistency across the Programmes. A reciprocal arrangement is in place with Jane Brown the erdpIT SRO having a place on the RPA Change Programme Board;
- Liaison between the RPA Change Programme, erdpIT and other key Defra programmes and projects which are maintained at a working level through the RPA Design Authority.

The Programme is run in accordance with Managing Successful Programmes (MSP) and PRINCE II methodologies. The SRO and Programme Director are both qualified in MSP and PRINCE.

RPA underwent an OGC Gateway 3 Review in January 2003 where the review team found that the Programme, although still containing considerable risks, is under good control and leadership, and stands a good chance of successful delivery. The Programme passed the review with a 'green' status.

The review team found the following exemplars of good practice:

- The appropriate resourcing of the Programme teams, with strong external advice;
- Good project planning and control;
- A strong senior management team who are very involved in the Programme and act in a collegiate manner; and a very enthusiastic and open approach.

Approach

The Programme is recognised within its Business Case and by OGC to be high risk with a tight timetable for delivery. RPA therefore continuously seeks to minimise the risk of failure by a number of means:

- Seeking to reduce risk wherever possible, e.g. avoiding 'big bang' implementations;
- Developing detailed contingency plans;
- Transition and Business Continuity plans are in place and being managed;
- Risk management is embedded across the Programme, with appropriate mitigating actions in place;
- Internal and external programme assurance is in place;

- Regular reviews of best practice and lessons learnt from other Programmes;
- Contract and benefits realisation management is in place.

IT Contract

RPA signed a £35m seven-year contract with Accenture to develop the core IT processing systems necessary to deliver the functionality to underpin the objectives set out in the Business Case. The system will be developed in phases during the first two years of the contract and Accenture will continue to provide support for a further five years.

The selection process took 18 months to review 200 suppliers and RPA still managed to deliver on time and in budget. It was essential that competition be maintained through to the final stages so that RPA was able to get a good price for the work. RPA have struck a very good value-for-money deal with a company that has a good track record and sound financial standing. As part of the deal, RPA has also secured the 'intellectual property' rights to the new system, which will also be developed using generic rules and so will be much easier for RPA to update.

Contract Management and Change Control functions are in place to monitor the supplier during the development phases with service management being developed to ensure continuity of service post live date.

Recommendation 2: Although the late payment of bovine scheme subsidies in the last 2 years is partly due to factors not necessarily within the control of the RPA, such as the demands made on staff by the outbreak of foot and mouth disease, it is clear that a major cause of delay was administrative error following the introduction of cross checks with the Cattle Tracing System. We recommend that the Agency continue to improve liaison between the Cattle Tracing System and the IACS system: for that reason, we welcome the merger of the British Cattle Movement Service with the RPA. Given that RPA is already undergoing a major Change Programme, this further re-organisation will require good and careful management. Late payment on bovine systems looks likely to continue until the new IT system is up and running. Therefore we also recommend that the RPA solve the problems of late payment on bovine schemes as a matter of urgency (paragraph 14).

A project board manages the merger of RPA and BCMS, which formally took effect on 1 April 2003, to ensure that benefits are realised from the synergies between the operations of the two organisations. In particular, that the Cattle Tracing System (CTS) provides an improved service to cattle keepers and to the three UK paying agencies which rely on it for CAP subsidy purposes.

The CTS will be migrated on to a more robust platform and the BCMS will be issuing statements to cattle keepers showing full details of the animals recorded on their holdings. It is vital that keepers respond by giving corrected information where the CTS records do not accord with their own and that, at other times, they make their returns to the BCMS promptly and accurately. Keepers will be encouraged to use CTS On Line. Procedures at the BCMS have also been improved so that apparently anomalous information provided by keepers is followed up promptly and extra batch controls have been put in place to reassure keepers that all notifications received are captured and entered on the database.

EU rules governing the payment of bovine subsidies are complex and regulatory scheme changes can delay the annual roll out of required IT software. Recent changes, such as the introduction of aggregated penalties, have placed considerable additional strain on the older IT systems used by RPA and are also causing difficulties in a number of other member states who have requested that the Commission extend the payment deadline of 30 June. RPA legacy systems are being replaced as part of its major Change Programme but the present systems will have to be used for 2002 and 2003 payments. Some of these are so fragile they are beyond improvement. In the interim period, a number of procedural changes have been made to improve claim processing which should reduce the incidence of late payments. However, speed of payment is dependent upon producers accurately notifying the CTS of all movements, otherwise the claim processing time is significantly increased which in turn delays payment. RPA will continue to work closely with the industry to see that keepers have the advice and information they need to avoid delays or penalties which would otherwise arise as a result of their claims failing to meet the rigorous standards imposed by the Regulations.

Recommendation 3: We are encouraged by the fact that the RPA identifies farmers and other recipients as its ‘customers’, but we are concerned at the poor result of the recent customer survey. We hope that the RPA is not expecting the electronic delivery of services to be a panacea; it is essential that at every stage of the implementation of the Change Programme the Agency ensures that the focus on customers is maintained (paragraph 16).

The introduction of new on-line services is a key element to improving services to customers within a major programme, however it is not seen as a panacea. RPA, through the Change Programme, has introduced a workstream to focus on customers and their needs. This workstream will ensure that all products developed by the Programme are measured against customer needs and that where appropriate customers are involved in the design, development and testing of new services and products. A Steering Group provides workstream assurance and includes customer representatives to ensure that the customer has a direct input into the Programme. In addition, RPA is using its network of Experts Groups to provide input to CAP scheme delivery (comprising customers and stakeholder representatives) and customer representatives are also kept informed of progress through quarterly Industry Forum meetings.

All aspects of the business will be subject to this customer focus including telephone call handling and forms design, which have a major impact on our customer service. RPA has recently become a Corporate Member of the Plain English Campaign. It will use the attainment of Crystal Mark recognition to help address the challenges of using clearer English within its customer communications within the complex environment of EU regulation. RPA aims to provide customers and increased choice of channels by which to access its services, including the option of conducting business with the Agency in ways that best meet their needs.

The 2002 customer survey indicated that many RPA customers would consider using electronic services but also identified that many others would choose more traditional methods of dealing with the Agency, at least in the short to medium term. RPA will ensure that it caters for this desire, whilst at the same time maximising the efficiency by which this is done for the benefit of both the customer and taxpayer.

Recommendation 4: We welcome the prospect that new means of electronic delivery will simplify IACS forms. However, we are not yet fully persuaded that RPA is treating simplification of such forms with sufficient urgency. The matter should now be given the highest priority (paragraph 17).

Whilst it is essential that claim forms contain all the information required by the Regulations, RPA fully accepts that further improvements can be made in form design, in the instructions given to claimants and by including on the claim forms as much as possible of the information which it already holds. The new IT systems now being developed provide an ideal opportunity to effect such changes and to introduce electronic versions with a degree of on line validation to aid completion. RPA will test new form designs with customers and will incorporate their views. Customers should reap the benefit of these changes as the new systems are delivered throughout 2004-2005.

Recommendation 5: Nevertheless, any organisation facing such reductions in staff will inevitably face difficulties. Good information is needed and early decisions about staffing issues need to be taken. It will be important to retain experienced and qualified staff. We recommend that the RPA provide details of developments in this area in its Annual Report, and in particular the breakdown of staffing between permanent and casual employees (paragraph 19).

RPA Trade Union representatives have been invited to assist with the work of 5 organisation design teams, charged with determining roles, responsibilities and staffing numbers needed in RPA on completion of the Change Programme. The Chief Executive himself is leading the project overseeing this work. Staff are regularly briefed on

developments, both in terms of emerging numbers and possible selection procedures for filling the reduced number of posts.

A separate workstream is managing resettlement activity. The main objectives are to maximise staff retention, in the interests of business continuity, and to support staff through the downsizing exercise. A network of resettlement officers has been established and an external outplacement provider retained. Staff turnover has been kept below historic levels by the introduction of a system of continuity payments for eligible staff at downsizing sites. In brief, this involves an annual payment of £1,000 for each full year that eligible staff remain with the organisation and, where relevant, a £5,000 lump sum bonus, on top of their contractual entitlement, on leaving the organisation.

During the downsizing, a greater than usual reliance has been placed on temporary staff to facilitate site closures, pending downsizing on delivery of the new systems. RPA's Management Group monitors changes in staffing profiles on a month by month basis.

Details of RPA's approach to resettlement and maintaining business continuity will be presented in its Annual Report supported by brief details of the balance between permanent and temporary staff numbers.

Recommendation 6: The Rural Payments Agency is a new organisation which has faced early problems. Some of these were not of the Agency's making while others, such as the complexity of IACS forms and low customer satisfaction, indicate areas which need prompt attention if the payment of CAP claims is to move into a new era of efficiency as promised. We welcome the steps which have been taken, and we urge the Agency to do more. We hope that the RPA will at all times keep its customers – farmers – uppermost in its thoughts (paragraph 20).

RPA accepts that it cannot realise its vision of being a customer focused CAP Paying Agency unless it keeps in mind its customers' requirements at all times. Significant steps have been taken already in the setting up of an Industry Forum and Expert Groups at a scheme or commodity level to consult and inform customer representatives. RPA is also involving customers and industry representatives throughout the process of designing and building our new systems and procedures. In parallel with this, RPA is taking steps to embed a customer focused culture across the Agency through better targeted staff training and development arrangements. RPA monitors its performance against published service standards and actively encourages feedback on how it is doing.

Recommendation 7: The Committee will maintain its interest in the work of the Rural Payments Agency. We look forward to receiving its Annual Reports and updates on progress in the implementation of the Change Programme (paragraph 21).

RPA will ensure that the Committee receives Annual Reports and regular (quarterly) updates on progress.

Rural Payment Agency
June 2003