



National Audit Office

Report

by the Comptroller
and Auditor General

Department for Environment, Food & Rural Affairs

Progress on the Common Agricultural Policy Delivery Programme

Introduction

1 The National Audit Office (NAO) reported in December 2015 on the progress that the Department for the Environment, Food & Rural Affairs (the Department) and the Rural Payments Agency (RPA) had made in implementing a new Common Agricultural Policy (CAP) Delivery programme to process new CAP scheme payments to farmers in England.¹

2 The Committee of Public Accounts held a hearing on the NAO's report in December 2015 and reported its findings and recommendations in March 2016.² The government provided its response to the Committee's report in April 2016.³

3 The NAO report highlighted that significant challenges remained to make sure the payments due to be made from December 2015 were timely and accurate, to prepare for future years, maximise Programme benefits and minimise disallowance penalties. This memorandum sets out how well the Department and the RPA have met those challenges.

4 The RPA issued the first payments made under the new schemes and IT systems in December 2015, and committed to three payment targets between December 2015 and March 2016 alongside a regulatory target for 30 June 2016.

Background

5 The Department has overall responsibility for the CAP, paying English farmers and landowners under two funding 'pillars':

- Pillar 1 primarily provides direct support to farmers through the Basic Payment Scheme (BPS), including additional payments to assist young farmers and a 'greening' element which aims to provide ecological benefits such as crop diversification under the 'three crop' rule. This is usually fully reimbursed by the European Union from its funding for farmers; and
- Pillar 2 provides funding for rural development programmes, such as the Environmental Stewardship Scheme and the Countryside Stewardship Scheme that replaces it. This is jointly funded by the European Union and the UK Exchequer.

¹ Comptroller and Auditor General, *Early review of the Common Agricultural Policy Delivery Programme*, Session 2015-16, HC 606, National Audit Office, December 2015.

² HC Committee of Public Accounts, *The Common Agricultural Policy Delivery Programme*, Twenty-sixth Report of Session 2015-16, HC 642, March 2016.

³ HM Government, *Government responses on the twenty-first to the twenty-sixth reports from the Committee of Public Accounts: Session 2015-16*, Cm 9260, April 2016.

6 The RPA, which runs BPS for the Department, encountered problems with the implementation of the previous CAP changes in 2005 leading to inaccurate and late payments to farmers, but it had addressed most of these problems by 2014.⁴ The targets to make 90% of payments in December each year and for 99% accuracy in first payments were met by the RPA for many years.

7 We highlighted in our previous report the difficulties that the Department had encountered in implementing the CAP Delivery Programme. These included the failure of the online application system leading to a return to paper-based applications, and evolving system functionality and data control weaknesses, which made it difficult for the RPA to maintain its payment record.

Scope and structure of the memorandum

8 This memorandum provides an update on the reports by the NAO and Committee of Public Accounts on the early progress of the CAP Delivery Programme. It focuses primarily on BPS payments. These make up around 80% of the total payments made under CAP and it was the RPA's priority to develop the functionality to make these payments. The functionality to enable online applications for the Countryside Stewardship Scheme under pillar 2 is expected to be ready for use by December 2016. The memorandum is based primarily on analysis of RPA's payment data and our interviews with Department and RPA officials.

- Part One sets out the Department's performance on the timing of payments under the 2015 BPS;
- Part Two assesses the accuracy of payments under the 2015 BPS; and
- Part Three examines developments in the Department and the RPA to improve delivery of the Programme in 2016 and beyond, including reporting on the government's progress against the recommendations included in the Committee's March 2016 report.

4 Comptroller and Auditor General, *Department for Environment, Food & Rural Affairs, and Rural Payments Agency, The delays in administering the 2005 Single Payment Scheme in England*, Session 2005-06, HC 1631, National Audit Office, October 2006.