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Dear Rob

COMMON AGRICULTURAL POLICY (CAP) ONLINE APPLICATION SYSTEM

Thank you for your letter of 3 June following the Committee's evidence session with stakeholders.

It has always been clear that 2015 was going to be a challenging year for all concerned with the new CAP, as we implemented a complex new policy in a very limited timeframe and with brand new IT systems. I certainly recognise some of the issues which your witnesses highlighted, and on which my officials have been working hard over recent weeks and months. Although I fully appreciate, and have made clear many times, that there remain issues we need urgently to address, I am pleased that we have made considerable progress, in particular since 1 May when the performance of the online system improved significantly.

As of this morning, around 21,700 farmers and crofters had successfully registered for the new CAP system, Rural Payments and Services (RPS), and we had received 14,726 Single Application Forms (SAFs). As in previous years, the ratio of online to paper SAFs is running at around 60:40. It was always our strategy to offer a choice between online and paper routes to apply for the new CAP payments, and it is worth remembering that if this 60:40 ratio persists then around 9,000 SAF customers will have applied using the traditional paper forms. They will have had a full three months to fill in and submit their forms by the time the application window closes on 15 June, in accordance with the revised EU rules.

The customers using the online RPS system fall into two categories: farmers and crofters filling in their own SAF, and agents filling in SAFs for their clients. The issues with the online system have particularly affected agents because of the higher volume of SAFs they have to complete by the deadline. In March we set up specific communication arrangements with agents, in addition to our general customer communications via the website, news releases, emails to stakeholder organisations etc, so that we could give agents specific and detailed guidance and information and respond to their particular needs.



I agree with you that it is important for the government to ensure that farmers and crofters, and their agents, are able to submit applications accurately and before the extended deadline. My officials have been working on this for many weeks already, and I am happy to respond to your specific points as follows.

- *add an easy online guide to the website which responds to the issues that have been encountered so far;*

Guidance on all the Pillar 1 and Pillar 2 schemes covered by RPS was installed on the web portal between January and March. In January, we also issued a high level scheme guidance booklet to all customers. Guidance on system issues that have arisen since the opening of the online SAF has been issued on the website and via agent communications. Since January any customer who is in doubt has been able to get advice in person from our staff, as we introduced an appointment booking service to help farmers, crofters and agents get to know the new system. Following the Committee's request, we will continue to look at other ways we can support customers.

- *encourage paper submissions where difficulties are being encountered with the online system; if pre-completed packs of paper forms have been prepared, but not issued, publicise this and make the forms available on request. If letters advising that pre-completed packs are available these should be sent to individual farmers immediately;*

I recognise the Committee's request to support our customers to complete their SAF. Our strategy has always included giving farmers the choice between applying online or filling in a paper SAF. As usual, pre-populated paper SAFs were sent out in March to all customers who had used the paper route the previous year, and blank forms were available to all other customers from that time. All customers were able to view their pre-populated information on the online system from March. Demand for paper forms increased during April when the online system was not operating at adequate speed, but fell away sharply after system performance improved from 1 May. Nevertheless, we are aware that despite the ongoing work to resolve problems with the online RPS system, issues persist and some customers still face problems completing their SAF online. In recognition of this, from 1 June, we have been providing these customers on request with pre-populated SAFs which had been prepared earlier as a contingency measure. This step has been and is being publicised on the website, by email to stakeholder organisations, through our agent communication channels, in Scottish Government news releases, and by Area Offices individually contacting customers with known problems. Of course, our primary aim is for customers to be able to apply in the way they want to and we continue to work hard to resolve system problems so that everyone who wants to apply online can do so.

- *ensure that local area offices have consistent and up-to-date guidance and information when responding to applicants questions and concerns;*

Guidance on the new CAP schemes was available to our staff at the same time as our customers. A central control room was set up in March to field queries from Area Office staff and ensure that responses were promulgated across the office network, aiming to ensure a consistent approach. Since the SAF application period opened, we have regularly shared information bulletins on our intranet with Area Office staff. In such a fast-moving environment we are working continuously to ensure the guidance is up to date.

- *ensure that the online verification system is working properly and applicants are not unfairly penalised for any errors which are made due to problems with the online system;*

Defects in the online validations which were not picked up in the pre-launch testing have been progressively addressed as they have arisen. For example, last month a defect which caused farmers' total arable crop area to be incorrectly calculated for Greening purposes was fixed. We have contacted farmers whose submitted or draft SAFs may have been subject to defects, although we expect the number actually affected to be very small.

I fully understand that in this first year of a new system, farmers are concerned about the risk of penalties associated with unfamiliar and complex new rules, and a new IT system which has required improvements since going live. Under EU rules, whilst it has always been the applicant's responsibility to follow the scheme requirements, there are provisions for *force majeure* or exceptional circumstances which ensure they are not disadvantaged by issues out with their control and where they are not at fault. This includes failures in a paying agency's systems. We have used these provisions in Scotland before and fully intend to do so again this year. I hope this provides reassurance to customers who may have experienced problems in this difficult first year.

- *make it possible, and straight-forward, for amendments to be made to online applications;*

I welcome the Committee's views on improvements that will benefit our customers. Since the launch of the online application system it has been possible to make and save unlimited amendments to a SAF prior to submission. After submission, whether online or by paper SAF, all applicants can make amendments by contacting their Area Office. We are already talking with our stakeholders about improvements we can make for next year and expanding the way people can make amendments is among the issues we will look at.

- *ensure that the system allows those who let land on a seasonal basis but who are not able to claim, due to their landlord claiming on the land, to notify that on the SAF;*

We have looked into this suggestion and unfortunately, in accordance with EU rules, the declaration of land on SAFs has to be based on who has the land in question at their disposal on 15 May. EU rules do not give national administrations any discretion to vary from this.

- *that there is a halt on any re-mapping at the current time, and that re-mapping in future stops no later than one month before the deadline for applications;*

Under EU rules we are required to keep accurate maps, for example taking account of new aerial photography data or updated information from farmers themselves. To help farmers avoid making errors that would result in deductions/penalties for them, we are keen to ensure that they have the most up to date information. In principle, the issuing of updated maps even during the SAF application period should not cause problems. Farmers are responsible both for making accurate applications that reflect the situation on the ground, as was also the case under the previous CAP, as well as for informing the government if their maps are incorrect and need updating.

However, we acknowledge that some people find receiving map updates at this time disruptive. To help farmers this year, we will stop issuing mapping updates generated by our officers' reviews until after 15 June. We will of course continue returning new maps to farmers who have asked for updates that can be utilised with this year's claims. In addition, looking ahead to future years, we will consider issuing further guidance to remind farmers of their obligations to update their maps and when the most appropriate time would be to do so, minimising confusion for them when completing their annual SAF.

- *give urgent priority to ensuring that the system is running as quickly, and is as stable as possible, in order to cope with the anticipated number of applications;*

My officials have been prioritising system performance since the launch of the online SAF. Unfortunately the nature of the CAP application system, where all farmer and agent use of the system is concentrated into a few weeks per year, did not lend itself to live volume testing in advance of launch. Teething troubles with RPS were always to be expected, as is common with new IT systems, but as I have previously acknowledged it took longer to resolve them and stabilise system performance than we would have wished. A number of performance improvements were installed on the system during late March and April, and from 1 May, system speed and performance improved substantially – as confirmed by feedback from users which we continuously seek. Since then some performance issues have still been encountered, but these have been limited and addressed promptly. Further capacity measures have been installed in recent weeks in anticipation of a rise in system usage in the last weeks of the application period, and system performance is being monitored continuously. If this monitoring identifies that additional capacity, above the level forecast and provisioned, is needed then we have made sure we are in a position to deploy this quickly.

- *immediately establish and publicise a 24 hour telephone helpline for applicants to obtain quick, consistent and practically useful guidance;*

Following the Committee's suggestion, I have looked closely with my officials into how customer support can best be extended prior to the closure of the SAF application period at midnight Monday 15 June. As a result, I have agreed that in addition to regular working hours, our Area Offices - supported by our central teams, will also be available for telephone queries on both Saturday 13 and Sunday 14 June, between 10 a.m. and 3 p.m. We looked seriously at the possibility of a 24 hour helpline. Apart from the practical challenges of setting up and publicising a helpline at this stage, the evidence from our system usage and feedback from our Area Office teams, doesn't lead us to think that this is essential. Customer feedback suggests that whilst in April some people were resorting to using the online system late at night or in the early hours of the morning when performance was better, this has decreased dramatically since the performance improvements that took effect from 1 May. We have already been supporting agents, the heaviest users of the system, outside of office hours via email when they encounter problems.

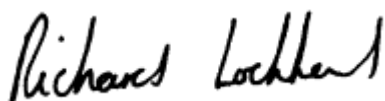
- *extend the deadline for SRDP applications, currently set for 12 June 2015, until an appropriate period after the deadline for basic payments has passed to ensure that the problems being experienced by those applying for pillar one payments does not have an adverse effect on SRDP applications.*

The unfortunate clash between application periods only affects one of the dozen schemes under the new SRDP - the Agri-Environment-Climate Scheme (AECS) - and only for this year. EU rules stipulate that rural development programmes should be approved by the European Commission within 6 months, and having submitted our programme in mid-June 2014 we intended to open for AECS applications in January well in advance of the SAF application period. However, delays in the EU approval process meant that we did not have sufficient clearance to open AECS until March (and even then the scheme was opened at risk, because formal approval was not received until late May). As we knew this would be a difficult transition period, we have already limited the number of farmers and crofters facing a potential gap in agri-environment support by offering around 350 extended contracts covering the highest environmental priorities. Unfortunately, it is not feasible to extend the closing date for AECS applications because of the lengthy processes that must be completed before new AECS contracts can be finalised. These include initial scoring, financial assessments, and either a site visit or a telephone interview with every applicant. These individual conversations have had to be introduced because EC audit findings in the last programme showed that some farmers failed to understand and carry out the environmental actions for which they were being paid. We also need to assess the level of demand against the relevant budgets, so that we can give consistent guidance to all our offices on the level of applications which can be approved locally. Extending the closing date for AECS would also impact on our ability to ensure that crucial Pillar 1 payments go out as early as possible

That said, we acknowledge that the clash of application periods has unfortunately added to the pressure faced by the industry at this time. On the day of your evidence session my colleague Aileen McLeod announced that, as requested in feedback received from agents preparing AECS applications, we have extended the period during which we will accept the supporting documentation required for AECS to the end of June. This should relieve some of the pressure around competing priorities.

I hope the information above reassures you that the government has been taking action to address the issues relating to the new CAP and the online RPS system and that significant progress has already been made. However we continue to work through and address issues already identified, and to monitor the situation daily, responding to the concerns raised by farmers, agents and our stakeholders. I know that this has been a difficult period for all involved and I understand the worries and concerns of farmers, crofters and their agents. I am grateful for the patience they have shown throughout this critical and challenging period. I would of course be happy to provide more detailed information if the Committee members would find that helpful.

Regards



RICHARD LOCHHEAD

