



Rural Payments
Agency

Rural Payments Agency Business Plan 2014/15

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Foreword by the Chief Executive Officer

Today's Rural Payments Agency (RPA) is completely unrecognisable from the organisation I joined just over three years ago.

When we launched our Five Year Plan in 2012, we promised to stabilise the agency within two years to be in the best position possible to deliver Common Agricultural Policy (CAP) reform in 2015. I am delighted to report this objective has been achieved.

By the end of 2013/14 we had delivered the majority of our Strategic Improvement Plan projects and turned in our best ever SPS payments performance while continuing to offer excellent service in other 'business as usual' areas such as the British Cattle Movement Service (BCMS), farm inspections and our Trader schemes.

The coming year will be extremely challenging as we prepare our people, customers and systems for major reform of the CAP.

Our aim is to deliver quality business as usual services and safeguard our performance from 2013/14, while also ensuring we are prepared for the change needed to support CAP reform.

We are operating in a challenging financial climate and so we will do more with less, offer improved value for money, and prioritise any new work carefully.

We are also working with Defra and the wider network to do the same through the 'One Business' programme, which will bring together structures, systems and processes across the network to deliver a better customer experience at a lower cost and make the network more strategic, flexible and resilient.

One of the first outcomes of the 'One Business' programme is the decision to make the agency responsible for processing all transactions across the new CAP schemes (pillars 1 and 2).

This means the transactional functions in Natural England and the Forestry Commission, as well as Defra's current responsibility for the design and delivery of the socio-economic elements of the Rural Development Programme for England (RDPE), will move into RPA.

We are in no doubt that there are testing times ahead for us but I believe the agency is in good shape to deliver during 2014/15.

Thanks to the hard work of our people and our industry partners, today's agency is a leaner, agile and high performing organisation, able to deliver on the aims, targets and challenges set for us.

With their ongoing support, we intend to continue delivering for farmers and food producers through 2014, into 2015 and beyond, as we work together to support the rural economy and achieve value for money for the taxpayer.



Mark Grimshaw
Chief Executive Officer

Our purpose

RPA is an executive agency of Defra (also known as the department). It is the accredited paying agency for all CAP schemes in England, paying and accounting for over £2 billion each year, and also operating cattle tracing services across the whole of Great Britain.

RPA's main tasks are to:

- administer CAP schemes;
- make CAP support payments;
- record livestock movements;
- carry out inspections; and
- assure management and administration of CAP schemes at Natural England, Defra and the Forestry Commission.

We manage more than 40 schemes in line with European Union (EU) requirements. To administer such a wide range of schemes we manage information on more than 2 million land parcels and 13 million cattle movements, carry out over 23,000 inspections annually and hold data on 120,000 customers.

During 2014/15 the scope of our role will increase to include some of the transactional CAP functions currently carried out by Natural England and the Forestry Commission, as well as the overall delivery (technical and transactional) of the socio-economic elements of the Rural Development Programme for England through the transfer of Defra's Rural Development Team¹.

Bringing together the responsibility for the processing of all CAP payments will result in an improved customer service for existing and future customers. The transition will begin in 2014 and the main changes will start to happen in 2015 and 2016 alongside the roll out of a single online system to support the new Common Agricultural Policy. Accordingly, this Business Plan focuses on the work RPA will undertake in relation to our current responsibilities during 2014/15, while acknowledging that further detail will emerge during the year on how the transition of new work into the agency will happen.

In light of our responsibilities outlined above, during 2014/15 our work will continue to support the rural economy and economic growth through contributing to the achievement of Defra's Strategic Priorities. We do this, in particular, in the key areas of supporting a thriving, competitive British food and farming sector and, through our role in the delivery of the Pillar 2 CAP schemes, enhancing the environment and biodiversity, and enabling the growth of rural businesses.

Further, our compliance and enforcement role supports Defra in its aim to minimise risks and be more prepared for animal disease outbreaks, in particular, through our operation of BCMS and our monitoring of cross compliance obligations.

Most importantly, our customers rely on us to pay them the money they are eligible for, and all our activities are centred around delivering this effectively for our customers, while achieving value for money for the taxpayer and maintaining compliance with EU rules to minimise the risk of disallowance.

¹ The decision to move these transactional functions into RPA was taken by Defra in December 2013 as part of its 'One Business' Programme aimed at developing a future business model that is more strategic, flexible and resilient. It is a first step in bringing together the structures, systems and processes across the Defra network to deliver a better customer experience at a lower cost.

Our strategic goals and priorities

In February 2012 we launched our Five Year Plan which sets out our strategic goals and priorities between 2012 and 2017. It sets out how we will deliver a better service to our customers, pay them the right amount of money on time, make the agency more effective and efficient and enhance our support of the rural economy. The Five Year Plan aims to overcome the legacy issues of inaccuracy, poor timeliness and failing to deliver value for money. It also contributes to the government's overall objective to stimulate economic growth through supporting and developing a thriving and competitive British food and farming sector.

Our 3 core objectives set out in the Five Year Plan are:

- To stabilise RPA. This will enable us to deliver all our schemes in the remaining CAP period in line with value for money principles; to achieve acceptable payment accuracy; and to draw a line under legacy issues to remove the accounts qualifications.
- To work closely with the Defra-led CAP Delivery Programme to develop the specifications and procure the replacement systems that meet the CAP reform obligations and avoid the errors which stemmed from the introduction of CAP 2005.
- To implement these new systems at best value for money for the taxpayer, without customer service issues or unexpected costs.

By the end of 2013/14 we had delivered the majority of our Strategic Improvement Plan projects a year ahead of schedule, and achieved our best ever SPS payments performance, while continuing to deliver excellent service in other business as usual areas, such as the running of BCMS. We believe we have now met our first objective to stabilise the agency. In the third year of our Five Year Plan, we will be looking ahead to the successful delivery of CAP reform from January 2015.

The implementation of CAP reform will require the agency to implement a significant level of change, including to our systems, working processes, guidance, controls and organisational structure. As a result, this will be the most challenging year of our plan to date, as we balance the completion of our transition to CAP reform and the management of business as usual. At the same time we must understand and implement the outcomes of Defra's One Business work (see page 3 for more information).

Therefore, the 2014/15 Business Plan sets out in more detail what we will deliver in year 3 of our Five Year Plan and how we will manage the challenges and risks involved with this change.

Through this plan we aim to build on the achievements of our Strategic Improvement Plan to meet the challenges of CAP reform while continuing to provide excellent customer service.

Indicators and targets

In 2013/14 we were able to build on our improved performance, meeting all of our headline commitments; improving our payments performance, customer service and delivery of value for money. This included our best ever SPS payments performance, paying 92.3% of customers 89.3% of the estimated fund value on the first banking day of the payment window. We have also continued to meet our targets and deliver excellent service for our rural development applicants and BCMS customers.

In 2014/15 we aim to maintain this improved level of performance and continue to deliver quality customer service. We will work towards the same targets as 2013/14, as we believe these represent an excellent level of service for our customers, while also allowing us to focus increasing attention and resources toward preparing our people and customers for the major changes brought by CAP reform.

This will allow us to safeguard our performance from 2013/14, as we target resources to work closely with the Defra CAP Delivery Programme to build the new systems we will need, and successfully launch the Basic Payments Scheme in January 2015, and other elements of the system in 2014.

These targets also represent our continued effort to balance the delivery of a quality service with the need to continue to find efficiencies in a challenging financial climate. We have seen further budget reductions during 2013/14 and for 2014/15, requiring us to prioritise effectively to live within our resources, and focus our attention on those areas central to maintaining our performance post-CAP reform.

Maintaining this improved level of performance during 2014/15 will be a challenge, but with the support and hard work of our people, and the effective foundations laid since our Five Year Plan was launched, we believe we are in a good position to deliver for our customers and the taxpayer.

Headline indicators

Our full set of headline indicators:

- Delivering service to our customers – an average customer satisfaction score of 8 out of 10 across the year.
- Timely payment of the Single Payment Scheme (SPS) – 93% of customers paid 86% of the fund value by 31 December 2014; and 97% of customers paid 97% of the fund value by 31 March 2015.
- Timely payment of applications to the Trader schemes – 98% of Fruit & Vegetable Producers paid within 100 calendar days; 96% of other schemes² within 28 calendar days; and 99% of other schemes within 60 calendar days.
- Timely payment of applications to Rural Development Programme for England schemes – 98% within 5 working days of receipt.
- Getting it right – 99% of payments made to be accurate first time, measured against financial value.
- Maintain accurate records of cattle within Great Britain – at least 96% of notified births, deaths and movements to be entered onto the system within 5 working days of receipt.

Customer commitments

Our commitments to our customers:

- Pick-up the majority of calls made to us within 25 seconds.
- Resolve calls at the first point of contact wherever possible. Where this is not possible either agree a date for the next contact or return the call within 1 working day.
- Normally reply to customer letters within 10 working days.
- Acknowledge customer emails within 1 working day of receiving them and reply to the query within 10 working days.
- Update maps to reflect reported changes within 30 working days or acknowledge the request, outlining any further action required.
- Normally issue requested cattle passports within 5 working days or within 2 working days if applied for online.
- Register the majority of complaints and agree a resolution plan within 15 working days. Where an agreement is not reached we will normally review the proposed resolution within 15 working days.
- Undertake a full review of decisions where complaints cannot be resolved satisfactorily and advise on the outcome within 30 working days.
- Consider any appeals and normally advise on the outcome within 60 working days. Implement any change where possible within 30 working days of the decision being made on the appeal.

² Milk Quotas, Export Transactions (for sugar, milk, butter, cereals) and School Milk.

Defra and taxpayer commitments

Our commitments to Defra and the taxpayer:

- Maintain a focus on costs, living within a reduced budget and reducing the full end to end cost of processing an SPS claim³.
- Minimise the risk of disallowance by responding to and agreeing a timetable to address all specific audit recommendations including consideration of legal challenge where appropriate.
- Support the government's Digital by Default strategy by agreeing a baseline for digital transaction costs for SPS claims and cattle movements and increasing the number of SPS applications made online.
- Complete all of our compliance activities within regulatory requirements and not to exceed the EU regulatory minimum inspection rate required by more than 5%.

These indicators cover the business as usual activities delivered by the agency from 1 April 2014. As outlined on page 3, further technical and transactional services will be moving into RPA during 2014/15. As these moves take place we will begin to report on those new activities and will publish targets and performance information on our website, alongside our current reporting.

Year three of our Five Year Plan – what will we deliver in 2014/15?

2014/15, the third year of our Five Year Plan, will see us increasingly focusing our attention on preparing our customers and our people for the new CAP schemes starting in 2015.

The majority of the Strategic Improvement Plan projects have been delivered, stabilising and improving data and processes in readiness for these new schemes. We will deliver our year 3 plan to move us into CAP reform delivery and prepare our business for this change, and we will continue to work closely with the Defra CAP Delivery Programme who are developing our new IT systems.

This will be a challenging year for the agency as we:

- implement a significant level of change from the new CAP schemes;
- implement the outcomes of the evolving Defra One Business work; and
- continue to deliver excellent business as usual service to our customers.

Below we explain the context we will be working in during 2014/15 and detail what we have to deliver to meet the strategic aims and targets we have outlined above.

Preparing for CAP reform

The current CAP schemes which RPA delivers will soon be coming to an end. This means we will see new schemes for direct payments, rural development and Trader. Our work on cattle movements (BCMS) is not changing, and the rules in that area will remain the same. For the areas where we will see change, the negotiation of replacement schemes has been taking place since 2011 between the European Commission, European Parliament and Member States.

³ While we will continue to find efficiencies and make improvements wherever possible in our SPS performance in 2014/15, our necessary focus on the delivery of CAP reform, including the new Basic Payments Scheme, means that we do not expect to see significant savings in this area this year.

The agency has been working closely with Defra to feed the delivery perspective into these negotiations, focusing on reducing complexity and achieving value for money. In particular, we have worked closely on the detailed rules for the new scheme, because these will determine how complex the schemes will be for the agency and our customers. These aims are shared by paying agencies in all other Member States, and we have been working together to influence the EU Commission on implementation issues through the 'Learning Network'⁴.

Now the negotiations are coming to a close we know broadly what these new schemes will look like, although detailed rules will continue to emerge during 2014/15 and Defra ministers have a number of important national decisions to make for England.

We know that the new Single Common Market Organisation schemes (Trader schemes) started in January 2014, and the new direct payments and rural development schemes will start in January 2015. We also have clarity on a number of key implementation issues for direct payments, such as the decision to roll-over existing entitlements into the new scheme, and an increase in the minimum claim size to 5 hectares.

Given this emerging clarity we are beginning to prepare our business for the delivery of these new schemes and are feeding requirements into the Defra CAP Delivery Programme, who are developing the new IT systems to deliver these schemes. All of this work is focussed on how we can achieve value for money and reduce the risk of financial correction (disallowance) in the future, while delivering a quality service. More information on what these areas of work will deliver in 2014/15 can be found on pages 9 to 10.

However, there still remain a number of external factors that may impact our preparations for CAP reform. For example, the timetable for publication of the finalised rules is uncertain, there are a number of outstanding ministerial decisions to be taken, the financial climate remains challenging and the new schemes are undoubtedly more complex for customers and paying agencies than their current equivalents.

We are working closely with the Defra CAP Delivery Programme to understand, manage and mitigate these risks as far as possible. We will also need to work closely with Natural England, the Forestry Commission and the Rural Development Team in Defra, as new work moves into the agency during 2014/15, to ensure we manage this move successfully at a time of change and uncertainty.

More information on our approach to risk can be found on page 12.

Strategic Improvement Plan

2014/15 was meant to be the final year of our Strategic Improvement Plan, which was designed to stabilise the agency and improve data and processes ahead of the implementation of CAP reform. However with the vast majority of Strategic Improvement Plan projects having been delivered in 2013/14, we have taken the decision to close the programme a year ahead of schedule. The success of the programme has placed the agency in a good position as we enter an important period of transition.

Improvement Activity in 2014/15

As we move into 2014/15 we will continue to develop and deliver change in the following areas:

- making sure we have the right technical and IT support in place to deliver CAP reform;
- using management information and improved support systems to deal with customer complaints and correspondence;
- embedding new inspections processes and technology to provide a flexible resource which is able to take on the additional work anticipated from CAP reform;
- consolidating contractual arrangements for remote sensing and digitisation of the Rural Land Register (RLR);

⁴ The Learning Network, comprised of Heads of EU CAP Paying Agencies and Co-ordinating Bodies (Chaired by Michael Cooper, Director of the UK Co-ordinating Body) is a semi-formal channel of communication between CAP Paying Agencies and DG AGRI in the EU Commission. The Learning Network holds several plenary sessions each year and constant exchanges also take place via the Learning Network's online portal.

- considering key improvements identified for Trader scheme processes and exploiting any opportunities for efficiencies;
- validating 25 to 30% of land parcels within the Rural Land Register using intelligence data received;
- re-platforming a number of current IT applications to agreed alternative IT platforms and completion of platform decommissioning activities; and
- implementing the spatial and business rules to support Ordnance Survey change updates to the Rural Land Register.

The delivery of these projects support the implementation of CAP reform, and enable the agency to enter a period of transition with our processes, controls, governance and capability functioning effectively.

Transition

We are working closely with colleagues in Defra who are developing the new IT systems and processes required to administer the new CAP schemes that are being introduced from 2015.

The new systems and processes will provide functionality through a series of staged releases for:

- customer and land registration;
- case and agreement management; and
- payments and accounting.

In 2014/15 our role is to make sure that our customers and people are ready to use these new systems and processes from 2015. In particular, for each of the staged releases affecting RPA we will:

- provide guidance and support to our customers to access the new systems;
- provide effective and consistent communication to our customers;
- review our internal business processes in readiness for each release;
- train our people to meet new business requirements;
- undertake business development that maintains a focus on CAP requirements; and
- make sure we have the right people in the right place through Organisation Design.

This transition activity, which covers 3 key areas of change, will be delivered through a number of work streams. These work streams, and the areas of change they cover, are outlined below:

1) 2014 Policy Changes

- Early CAP Reform Policy Changes - This work stream will make sure the agency is prepared for the CAP reform policy changes that will come into force before the Basic Payment Scheme in 2015.

2) New IT systems for the Basic Payment Scheme and Greening

- Overarching Design - this work stream will put in place effective plans for 2015 implementation.
- Data Cleanse of Customer and Accounts Records - this work stream will make sure our data is clean and of good enough quality to move into the new systems.
- Technical Delivery and Release Management - this work stream will make sure our new systems are tested and ready for implementation in 2015.
- People - this work stream will make sure our people and organisational structure are fit for purpose to deliver CAP reform.
- Stakeholder Management/Communications - this work stream will coordinate stakeholder engagement and communications with Defra and the other CAP delivery bodies to make sure stakeholders, customers and our people understand CAP reform and its impacts.
- Service Management - this work stream will provide a first point of contact for customers and internal users of CAP services if they experience system handling issues or have any queries.
- Contingency - this work stream will develop a joint contingency plan between the CAP Delivery and Transition Programmes.

3) Finance and Human Resources (HR)

- Finance and Human Resources – this work stream will manage the introduction of the new payments and accounting system for RPA HR and running costs in July 2014.
- Additional Finance changes - this work stream will introduce the scheme payments and accounting system for payments to our customers under Pillar 1 and Pillar 2 schemes in October 2014 and January 2015.

CAP Delivery Programme

During 2013/14 the agency worked very closely with the Defra CAP Delivery Programme, which is developing and procuring new systems and processes for the new CAP schemes.

The new system will replace the current CAP IT systems in England with a single online application and payment service. It will be used by all CAP customers starting in scheme year 2015.

Defra is aiming to build a modern, fit for purpose service that will make it quicker and easier for farmers and other CAP recipients to be aware of, and apply for the full range of CAP funding that's available to them. The agency will continue to work closely with the CAP Delivery Programme in achieving this aim during 2014/15 as we work towards launching all of the new CAP schemes.

2014/15 is an extremely significant year for the CAP Delivery Programme and RPA. The full CAP delivery applications and payments service will be launched in 2015, with Basic Payment Scheme customers accessing the scheme via this new service. This year will also see all HR and some finance functionality launched for use by all RPA people in 2014.

Deliverables for 2014/15

The intention is to gradually launch all elements to CAP customers and RPA's people in a number of system 'Releases', each including new IT capabilities, starting in mid-2014.

This gradual approach will help to reduce the risks to delivery of the new service and any impacts on existing CAP schemes and systems. It will also mean that our customers have an early opportunity to find their way around the new service, from mid-2014, and allow the agency to transition our customers to a Digital by Default approach.

There are 2 system releases scheduled for summer 2014. These are:

1. The first Finance and HR system release, for internal RPA use (known as Finance Release 1) will go live in early July.
2. The first CAP release for customers (known as Release 1), which is a preparatory launch of some IT capability to help customers get used to the new digital service gradually, will go live towards the end of July. It will help people prepare for the launch of the new CAP schemes in 2015 and help to ensure that customer and land details are ready for the new schemes.

Release 1 will allow customers to view and check their personal details and some of their land information through a self-service digital portal.

It is likely that, at this stage, this portal will allow CAP customers to:

- register themselves on the new system;
- check and update their personal details;
- link to their business(es), view and confirm their business details; and
- check, view and update land features in preparation for their 2015 claims.

Further releases, the scope and content of which will be communicated during the year, will occur in 2014/15, leading to full launch of the new service in early 2015.

CAP delivery and customer engagement

Through the Strategic Communications Group⁵, the agency is supporting the CAP Delivery Programme and the other Defra CAP delivery bodies to develop and deliver a plan for the communication of these changes to our customers. The group will coordinate stakeholder engagement and communications to make sure stakeholders, customers and others understand CAP reform and its impacts.

Within this framework we will manage the appropriate internal and external communications in line with policy and reporting requirements through engaging stakeholders, using clear communication channels and effective planning. This will make sure the agency's customers and people are aware of key changes.

We will make sure appropriate training, guidance and support is provided to assist both our people and our customers in making the transition to the new service. The role of our industry partners will also be central as we use their knowledge and expertise to communicate the changes to our customers and support them through the transition.

Being more efficient

Through the Five Year Plan, we are working towards achieving greater efficiencies in the way we work, providing a prompt service to our customers, while maintaining value for money for the taxpayer. As we begin to implement a new and more complex set of CAP schemes, and the financial climate remains challenging, we will continue to seek efficiencies where possible across our business, to achieve savings and process improvements, and enhance our ability to support the rural economy.

Since the initiation of the Five Year Plan the agency has continued to deliver more with less. Our annual running costs are expected to have reduced by £13m a year by the end of 2013/14 compared to 2011/12. These reductions have been a result of the continuing rationalisation of the RPA estate, less people working in the agency, a culmination of efficiencies delivered by Strategic Improvement Plan projects and savings made across the organisation in the day to day running of our business.

Further, since 2010 RPA has been contributing to Defra's Estate Strategy Programme which aims to reduce the accommodation costs to the department by 33% in this spending period. In particular, during 2013/14 we have consolidated the size of our estate, moving out of 2 of our buildings in Northallerton and Exeter, saving in excess of £2.5m per annum.

Defra is now looking to deliver further estates efficiencies through its One Business work, including through the development of a network of multi-agency hub offices across England. We will continue to contribute to this work during 2014/15, seeking to enable maximum accommodation savings while maintaining our levels of service and delivery.

During 2014/15 we will also be focusing our efforts - through engagement in the EU CAP reform negotiations, domestic policy choices and design of the new system - on making sure we can deliver the new Basic Payment Scheme as cost efficiently as possible. We will build on the improvements we have made to our SPS processing in recent years, including reducing the cost per claim. However, we recognise that the complexity of the new scheme, including changes to the number of claimants and type of rules, will mean that the demands it places on our resources are likely to be greater and more challenging.

⁵ The Strategic Communications Group is a Defra led cross delivery body forum established to ensure customers and stakeholders receive timely and coordinated communications about CAP services.

Moreover, given that the financial climate across government is expected to continue to be very challenging during 2014/15 and beyond, it is expected that the agency will be asked to deliver more efficiencies in the future. To deliver these, we will build on the framework put in place by the 'Running Cost Efficiency' Strategic Improvement Plan project, and the Executive Team will regularly monitor a range of initiatives put in place to further reduce costs across the business, and value for money will continue to be central to our decision making. An agency-wide campaign will be launched that will help people save money by making small changes to their day to day activities, the campaign will also encourage people to suggest ways in which further savings can be made and business processes streamlined.

Better regulation

RPA is committed to supporting Defra's contribution to the better regulation agenda, and achieving simplicity, wherever possible, in the implementation of the CAP payment schemes we run. However, as most of RPA's work is directed by highly prescriptive European legislation, the most achievable way for us to deliver better regulation is to make sure that we implement that legislation as appropriately as possible, seizing opportunities to minimise the burden on our customers. Therefore, during 2014/15 we will continue to work closely with the department and other Defra regulators to ensure that when policies are developed they are consistent, targeted, deliverable, and proportionate from a better regulation perspective.

In particular, we will be undertaking activity in the following areas:

Accountability for Regulator Impact Scheme

This is part of a wider package of measures which helps regulators to enable compliant businesses to grow. Any proposed change in policy, process or practice by a regulator which creates a significant increase or decrease in the burden of regulator activity on business should trigger an assessment. Changes driven by the introduction of new or amended regulations are out of scope.

In line with this, since July 2013 we have been considering whether there are any changes we can make to the way we implement our schemes. During 2014/15, we will carry out consultations with stakeholders and customers when we implement significant changes (that do not arise directly from implementing new or amended legislation) through a Business Engagement Assessment (BEA)⁶. This early engagement will allow us to understand the cost and resource implications of any changes for businesses, helping us to ensure any significant changes we make do not create unnecessary burdens.

Revised Regulators' Code

A revised version of the Regulators' Compliance Code will come into force from 1 April 2014. It provides a clear framework for how regulators should interact with those they regulate. During 2014/15 we will continue to comply with the code; carrying out our activities in a way that supports the businesses we regulate, ensuring that we are transparent in the way we work and in the decisions we make. We will also publish our updated service standards including compliance and enforcement policies, to help our customers understand what they can expect from us.

⁶ BEAs will be reviewed with our stakeholders through the usual engagement channels and will be published using online consultation tools. The BEA will describe the proposed change, or options for change and their impact on business, including both financial and non-financial factors. Following feedback from the business a final version will then be published. A template for assessments has been developed and can be accessed through this link: <https://www.gov.uk/government/publications/regulator-impact-accountability-guidance>.

Smarter Guidance and data projects

During 2014, RPA's website content will be moving to GOV.UK. As part of that move, the Defra Smarter Guidance Project will be reviewing all Core Defra and RPA guidance to make it simpler, clearer and more customer focused. We aim to make it simpler and quicker for our customers to find out what they need to know via GOV.UK, including those new to the subject.

Further, Defra is also reviewing all of the environmental and farming data it collects from businesses to make sure it is utilised effectively, and to streamline how it is collected and managed. RPA will work with Defra on this review to establish whether any changes can be made to data collection which will reduce burdens on business and regulators, while not reducing important environmental controls. This will start with our work on the development of new systems and requirements for CAP reform.

Data sharing and reducing burdens

Recent reviews have highlighted the need for Defra to have a better understanding of the number and type of site visits undertaken by its delivery bodies. Therefore, RPA will work with Defra and its other regulators to provide accurate and timely inspection statistics on a twice yearly basis to enable publication of comprehensive details on the number of targeted and routine farm inspection visits, advisory visits and to measure the failure rates found at such visits. We will also work with Defra on their Farm Visits Project to improve understanding of who inspects and why, and to make proposals for rationalising the number of visits to farms where possible.

Risk management

During 2014/15 we will build on the risk management approach developed during 2013/14, continuing our progress in moving from a 'risk aware' to a 'risk managed' organisation. This approach will help us to understand and address the most important risks identified for 2014/15, and will be further embedded by a team of risk partners working with each of our directorates. This is particularly important given that the agency accounts for over £2 billion a year of scheme expenditure, managing the risk of financial penalties for ineffective administration.

In 2014/15 the most significant risks to agency performance will be CAP reform and the transition to the new schemes. With the introduction of new systems, being developed by the CAP Delivery Programme, 2014/15 will see a degree of dual running of both current and future schemes. This presents a unique challenge for the agency and detailed planning will make sure our customers are effectively prepared for change.

Other agency-level risks include the management of capacity and capability to ensure we have the right number of people with the right skills to take the agency through transition to the new CAP schemes, with a continuing reduction in budgets. This is particularly important as the CAP reform changes create a high demand for subject matter experts, who are also needed for business as usual activities.

The Risk Team will continue to develop the role risk management plays by providing advice and guidance on the management of risks, and ensuring appropriate controls are put in place across different types and severity of risk. Risk management helps the agency understand the causes of these risks and allows actions to be taken which will manage and mitigate them to an acceptable level.

Agency governance processes also ensure open and adequate challenge of our plans to manage these risks. Specifically, the Executive Team conducts an in-depth risk review on a quarterly basis. The most significant risks identified are also considered and challenged by the Agency Management Board on a quarterly basis including review of the risk 'heat map' produced by the Risk Team. The Audit and Risk Assurance Committee is an integral part of the risk management process, considering the risk register and the effectiveness of risk management as part of their regular meetings. An escalation route to the Defra Risk Panel exists where required. The agency's interest in risks associated with the CAP Delivery Programme will continue to be considered by the chairs of the Audit and Risk Assurance Committees of Defra and the three delivery bodies.

Joint working and service delivery reform

Working with the Defra network

As a key part of the Defra network, with working relationships across government and with many stakeholders, joint working is at the heart of RPA's success.

2014/15 will see a number of carefully planned changes to business structures in the Defra network to improve service delivery. This One Business work will see RPA taking on responsibility for processing all EU payments for Defra, as well as the design and implementation of socio-economic elements of the Rural Development Programme for England. Therefore, we will need to work holistically with the Defra network to ensure that streamlining delivery and customer service is at the heart of our approach. For example, this year will also see the key Information & Technology releases from the CAP Delivery Programme giving RPA, Natural England, the Forestry Commission and the Defra Rural Development Team a single joint IT system to process our claims.

Our most important working relationship will continue to be with Defra, ensuring that we deliver the targets that they set for us, and provide them with high quality advice to ensure value for money and the effectiveness of their policies. Given the importance, during 2014/15, of the CAP Delivery Programme work and the Defra One Business changes, the bodies we will work with most closely will continue to be Natural England, the Forestry Commission, and the Defra Rural Development Team.

Both the One Business work and the CAP Delivery Programme are exemplars of the new approaches advocated by the Civil Service Reform Plan. Both will drive the Defra network to be more joined up, more efficient and able to transform our relationship with our customers by providing them with an effective Digital by Default service.

Beyond the immediate challenges of CAP reform we will continue to work closely with the Animal Health and Veterinary Laboratories Agency (AHVLA) on issues such as livestock movements and bovine tuberculosis (TB), and with the Environment Agency.

The devolved administrations will also continue to be important partners for us both in the running of BCMS and as we work together to understand and implement the new CAP schemes, including cross border issues and claims. We will share our understanding of, and expertise on, the new schemes, and work collaboratively to influence the Commission on implementation issues.

Working with our stakeholders

Beyond working with colleagues in the public sector we have built vital and effective relationships with a number of external industry bodies, who represent our customers. In particular:

- The National Farmers' Union.
- The Tenant Farmers Association.
- The Country Land and Business Association.
- The Central Association of Agricultural Valuers.
- The British Institute of Agricultural Consultants.
- The Institute of Agricultural Secretaries and Administrators.

We also work closely with a wide range of organisations involved with farming and the countryside including land agents, welfare organisations, management consultants, accountants with a specialist farming interest, organisations representing graziers on common land, Wildlife Trusts and other environmental organisations. During 2014/15 we will also begin to work more closely with Local Action Groups and Local Enterprise Partnerships as RPA's role expands to include delivery of the socio-economic elements of the RDPE.

These important and productive relationships will be essential as we seek to successfully deliver CAP

reform. We will openly engage with these partners about our plans and be clear with them and our customers about the emerging rules and requirements. We will listen closely to their suggestions and, within the bounds of the regulations and our budgets, work together with them to deliver CAP reform successfully for both our customers and the taxpayer.

Digital by Default

The government's Digital by Default strategy is fully integrated into the design of the new IT systems being developed by the CAP Delivery Programme. These systems will be 'digital by design', meaning our customers will have access to secure, efficient, and customer friendly electronic services.

In preparation for this, as government services are becoming increasingly online-based, we have undertaken research into the types of barriers that make it difficult for our customers to claim online. These barriers include the lack of; access to a computer, broadband connection, IT skills, or more complex needs such as a long standing health issue. We are using this research, and engaging with our customers, intermediaries, and the CAP Delivery Programme, to develop proposals for providing Assisted Digital support services to those who cannot apply online. We will be working closely with industry partners to use their expertise and networks to help change behaviours and support our customers through the transition to a digital service. Their role will be key and we will continue to work in partnership as we develop our proposals in this area.

In helping our customers to prepare for these changes we managed a significant communications campaign during 2013/14 to encourage and assist farmers in moving from using paper forms to completing electronic claims. We have attended agricultural events and seminars, and have expanded our 'face to face' presence at national, regional and county shows, meeting our customers and gaining insight into the issues of importance to farmers and rural communities.

During 2014/15, the last year of SPS, we will continue to encourage our customers to transition from paper to electronic applications. We will run a digital take up campaign, focussing on those who can use online services, but currently do not do so. For example, those customers who are using the Cattle Tracing System (CTS) online to submit their cattle movements, but who are applying for SPS on paper.

We aim to build on the increase in online applications seen during 2013/14, when 55,830 of our customers applied online, an increase of 13.3% over the previous claim year.

Further, we are also undertaking a number of other initiatives during 2014/15 to move us towards 2015 Digital by Default implementation. For example, we are trialling the RLR online viewer service to help understand our customers' requirements, what support will be needed, and how we can best meet those needs going forward. We will also complete the migration of RPA website content to GOV.UK, closing the RPA website by the end of 2014, meaning all CAP guidance can be accessed through a single government portal.

Tackling fraud and error

All government departments have a duty to ensure that the risk of potential fraud and error is kept to a minimum. The RPA, as a paying agency for significant sums of EU funding, must be alert to these issues and have measures in place to mitigate and manage any potential risk.

Accordingly, RPA is firmly committed to minimising the risk of loss to the organisation and taxpayer as a result of both internal or external fraud and error. The RPA Executive Team has commissioned the development of a 'Fraud and Error Strategy' for the agency, to further tackle the issue, and has committed the resources to implement this. The strategy will provide a proportionate and robust approach to fraud and error which will offer greater assurance that the risks are being managed effectively.

The strategy is designed to both prevent fraud and error as far as possible, and to promote detection of fraud and of error where it occurs. It aims to ensure that suspected fraud cases are investigated effectively and that sanctions, which include prosecution, are imposed appropriately where fraud has been committed. In cases where error is detected, the aim is to ensure that appropriate corrective action is taken.

In 2013/14 RPA developed a 'counter-fraud and error action plan' to deliver the strategy. Certain aspects of the action plan are being delivered through business as usual while others are being delivered through project activity. Specific activity taking place in 2014/15 includes:

- Monitoring the fraud risk during transition from existing processes to those implemented to administer CAP reform.
- Considering the effectiveness of Fraud Risk Management Team (FRMT), Fraud Risk Action Group (FRAG), and Fraud Risk Management Steering Group (FRMSG) membership, roles and responsibilities.
- Agreeing measures for customer error risk management and subsequently monitoring the levels.

Our people

During 2014/15 we will continue to develop a professional and engaged workforce to support the achievement of our objectives. In 2013/14 we made good progress in the area of increased capacity and capability, and have seen a demonstrable improvement in the engagement of our people with 12% more taking part in the Employee Engagement Survey and an increase in the engagement score of 3%.

In 2014/15, we will continue to build on this and will improve our people management in key areas including attendance management, reward and recognition, the development of our leaders, and implementing new policies delivered by the Civil Service Employee Policy (CSEP) team.

During 2014/15 there will be a number of key drivers steering the focus of our HR work, such as:

- the need to support the Defra CAP Delivery Programme in rolling out new IT systems within RPA;
- the impact of the Civil Service Reform Plan; and
- the challenges presented by the implementation of our estates strategy.

In support of these, we will be delivering changes in a number of important areas. For example, we will continue the progress we have made in workforce and succession planning. We will incorporate these activities into an integrated people planning process which we will carry out with directorates on a quarterly basis. This provides us with the opportunity to take a holistic view of the organisation's resourcing requirements, and will be supported by the new HR system which will provide the ability to map and analyse skills.

A major focus of this work will be flexible resourcing. We expect all our people to work in a way which better matches the variable demand we face throughout our business year. During 2014/15 we will develop a task force consisting of highly skilled people with a reputation for flexibility and high performance. This will allow us to respond better to business demands and priorities.

In addition, in 2013 we introduced a new method for tracking and projecting sickness absence as a response to the agency's persistently high Average Working Days Lost measure (AWDL). This looked at how we address absences, making sure our people have the support in place to attend work and return to work as soon as possible after illness. This approach has delivered significant reduction in our AWDL (reducing from 9.2 in April 2013 to 6.5 by 31 March 2014). In 2014/15, we will continue to focus on embedding a more business focussed approach to managing attendance.

We took the decision in 2013/14 to close our Northallerton site following a lease break. The majority of our people who were affected accepted roles at alternative Defra locations. The site closed in February 2014 and we will undertake some residual organisation design work in the early part of

2014/15 to manage the impact of this. For example, there will be a small number of people who require redeployment during 2014/15 and we will make sure we support them in securing new roles in locations that are suitable for them.

In early 2013 we also launched a Talent Management Scheme for people in the AO and EO grades and selected 23 individuals for the scheme. The scheme enables the business to place its most talented people into roles where the business will benefit while providing important development opportunities to individuals. During 2014/15 a similar Talent Scheme will be offered to HEO/SEO grades continuing our focus on identifying and developing our high performers.

In 2013/14 we completed our Leadership Development Programme for senior leaders, giving them the skills they need to lead effectively in the agency. During 2014/15 our focus will move to address the development priorities of our managers in HEO and SEO grades. We will address areas such as communication, influencing and change leadership. In addition, we are committed to the learning and development of all our people and will offer 40 hours development time per individual (five days a year) as part of the implementation of the Civil Service Reform Plan.

Finally, we will continue to recognise the performance of our people, whether through enhanced pay progression for our best performers or through our 'Celebrating Success' scheme, which since its launch in June 2013, has proved a successful way to allow local managers to recognise their people's achievements in real time.

Sustainability

Throughout 2013/14 we have continued to make good progress against our sustainability targets.

In particular, we have continued to encourage take-up of the SPS online application process, with more than 55,000 of our customers now applying online. This has reduced the amount of paper generated and reduced the need to store hard copy documents. RPA has also achieved 100% 'closed loop' paper recycling which means that our paper is collected, shredded, cleaned and recycled before being returned to us. This reduces both the volume of waste and the cost of its disposal.

RPA's 'Greening Government Commitment' performance remains very strong. Our annual carbon emissions are currently 49% less than the greening government commitment baseline, meaning we have exceeded the 25% greening government commitment target set for all government departments. Adjustments to the size of our estate have been largely responsible for this reduction, and we expect to see further reductions in 2014/15.

Our waste has also reduced dramatically - from 618 tonnes in the baseline year to 191 tonnes now. We have exceeded both the 25% greening government commitment target and the 2013/14 target of 300 tonnes. We are achieving a recycling/waste recovery rate of 82%.

Water consumption has actually increased over the past year and we are currently above our baseline target figure. This is largely due to a leak resulting in higher than expected consumption. The measures we have in place, aided by further office consolidations, should result in a steep drop in our current consumption of 16,822 m³ during 2014/15.

Our specific targets for 2014/15 are:

- to reduce carbon to 3,000 tonnes;
- to reduce waste to 210 tonnes; and
- to reduce water consumption to less than 15,000m³.

Our activities in 2014/15 will aim to adapt our estate and change behaviours. In particular, we will focus on reducing business travel to reduce carbon load by further encouraging our people to use telephone and video conference facilities rather than travelling to meetings. Closer in year monitoring will also alert managers to actively manage travel more effectively.

Health and Safety

Ensuring the Health and Safety of our people is central to the agency's work. We achieve this through cooperative effort at all levels within the organisation, which encourages employee involvement.

Our objectives in this area for 2014/15 are:

- Continue our annual site audit programme and link this with the Defra Estate's compliance assurance visits to make efficient use of resources. We will also ensure our main sites are taking a consistent approach with fire and emergency instructions and in line with other parts of the Defra network.
- Initiate the use of a Health and Safety index for sites that will enable local Health and Safety committees to track progress and focus activities on areas where they are most needed.
- Investigate training in conflict resolution handling for our people who have direct contact with customers. Continue to focus on reducing the risks to lone workers.
- Monitor cases of work related stress and work with stakeholders to apply best practice to reduce the incidence of work related stress referrals.
- Aim to reduce the number of slips, trips and falls both within the office and on the premises of our customers.
- Ensure that all accidents at work are reported correctly and that there is a reduction in the number of preventable incidents by 10%.
- Demonstrate our commitment to reducing the risks faced by our people by aspiring to a target of zero 'major injuries' as defined under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR).

A key focus of our activities will be supporting our field based colleagues, since they are subject to the greatest risks.

We work closely with other Defra agencies to share best practice – we will build on this in the coming year, having already reviewed RPA's animal handling practices and training provision against other agency arrangements. We will also work with colleagues moving into the agency, such as the Defra Rural Development Team, to ensure they have adequate risk assessments for the work they undertake.

Annex A - Financial information

Table 1: 2014/15 Budget allocations

Admin	£000	
Pay	Total A	33,595
Agency	B	55
Contractors	B	6,616
Consultancy	B	2,366
Computer and other IT costs	B	29,255
Estates and Accommodation	B	8,093
Office Services	B	3,400
Travel and Subsistence	B	1,649
Other Non-Pay	B	678
Other Professional Services	B	4,933
Depreciation	B	2,391
Redundancy (ER/ES) Costs	B	0
Non-Pay	Total B	59,436
Defra Core Income	C	0
Defra Network Income	C	(553)
Other Government Department Income	C	0
External Income (A in A)	C	(5)
Total Income	Total C	(558)
Total Admin	Total A,B & C	92,473
Programme		
Pay	Total D	32,898
Agency	E	0
Contractors	E	0
Consultancy	E	0
Computer and other IT costs	E	0
Estates and Accommodation	E	22
Office Services	E	347
Travel and Subsistence	E	1,531
Other Non-Pay	E	13
Other Professional Services	E	2,108
Depreciation	E	11,839
Redundancy (ER/ES) Costs	E	468
Non-Pay	Total E	16,328
Defra Core Income	F	0
Defra Network Income	F	0
Other Government Department Income	F	(53)
External Income	F	(38)
Total Income	Total F	(91)
Total Programme	Total D, E & F	49,135
Total Resource Departmental Expenditure Limit	Total A, B, C, D, E & F	141,608
Total Capital Departmental Expenditure Limit	Total G	99
Total Departmental Expenditure Limit	Total A, B, C, D, E, F & G	141,707
Total Annually Managed Expenditure		0

Table 2: 2014/15 Activity based budgets

Key Activities	£000						Annually Managed Expenditure
	Departmental Expenditure Limit						Programme
	Admin Pay	Admin Non-Pay	Admin Income	Programme Pay	Programme Non-Pay	Programme Income	
External Relations	2,986	1,369	0	0	0	0	0
Customer	2,459	1,995	0	0	0	0	0
Design	4,330	1,794	0	0	0	0	0
Change	2,018	4,934	0	0	0	0	0
Information Technology	4,118	30,687	0	0	0	0	0
Human Resources	1,958	2,605	0	0	0	0	0
Planning and Performance	4,184	9,034	0	0	1,050	0	0
Operations	0	0	0	32,562	2,971	(91)	0
Finance, Assurance and Commercial	6,998	1,689	0	0	0	0	0
Internal Audit	1,606	309	(558)	0	0	0	0
Rural Development Team	0	0	0	0	0	0	0
Centrally Managed Costs	2,938	5,020	0	336	12,307	0	0
Total	33,595	59,436	(558)	32,898	16,328	(91)	0

Table 3a: Indicative Spending Review allocation

		£000		
		2013/14 Forecast Outturn	2014/15 Budget	2015/16 Indicative Allocation
Admin Departmental Expenditure Limit (DEL)	Pay	30,001	33,595	0
	Non-Pay	57,696	59,436	0
	Income	(603)	(558)	0
	Total	87,094	92,473	92,473
Programme DEL	Programme Expenditure – Pay	37,258	32,898	0
	Programme Expenditure – Non-Pay	28,187	16,328	0
	Programme Income	(1,128)	(91)	0
	Programme Expenditure – Scheme	(3,716)	0	0
	Total	60,601	49,135	44,464
	Total Resource DEL	147,695	141,608	136,937
	Total Capital DEL	2,695	99	0
	Total DEL	150,390	141,707	136,937

Table 3b: Indicative requirement

	£000		
	2013/14 Outturn	2014/15 Budget	2015/16 Indicative Allocation
Indicative total Departmental Expenditure Limit (DEL) requirement	150,390	141,707	136,937

Table 4: Employee levels

	2013/14 Outturn (Average for the year)		2014/15 (Budgeted Average)		2015/16	
	Admin	Prog	Admin	Prog	Admin	Prog
Permanent Employees	751	1,290	803	1,203	809	1,209
FTA's	2	0	56	40	16	0
Contractors	64	0	40	0	18	0
Temporary Employees (Agency people)	18	0	2	0	0	0
Total full time equivalents	835	1,290	901	1,243	843	1,209
Movement from previous year	0	0	66	(47)	8	(81)

Table 5: Forecast balance sheet

Statement of Financial Position	£000	
	2012/13	2013/14 (Draft Accounts)
Property, Plant and Equipment	4,083	3,165
Other non-current assets	28,292	16,215
Total non-current assets	32,375	19,380
Stock	0	0
Trade and other receivables	421,155	335,326
Derivative asset	3,628	2,133
Cash and cash equivalents	92,479	155,851
Total current assets	520,262	493,310
Current liabilities	(71,252)	(134,468)
Non-current liabilities		
Other liabilities	(113,108)	(17,294)
Provisions	(976)	(532)
Assets less liabilities	367,301	360,396
General Fund	366,294	359,225
Cash Flow Hedge Reserve	(1,832)	(5)
Revaluation reserve	2,839	1,176
Total taxpayers' equity	367,301	360,396

Table 6: Common Areas of Spend

Theme	Measure	2013/14
Estate Costs	Total office estate (sqm)	27,579sqm
	Total cost of office estate (£m)	£10.57m
	Cost per FTE (£)	£5,026
	Cost per sqm (£)	£383
Procurement	Total procurement spend (£m)	£69.66m
Energy	Average price of energy (£/KWH)	£0.1046
IT	Total 3rd party ICT costs	£30.31m
	Cost of desktop provision per headcount (£)	£813
Corporate Service Cost	Human Resources (£m)	£4.21m
	Finance (£m)	£2.77m
	Procurement (£m)	£0.97m
	Legal (£m)	-£0.15m
	Communications (£m)	£1.03m
	Back office costs as a % of overall costs	17.66%
People	Average staff costs (£)	£37,588 per FTE
	Number of recruitment exceptions	17

Annex B - Governance

Roles of key individuals

Defra's Secretary of State has overall responsibility for RPA and is accountable to Parliament for all matters concerning the agency. However, ministerial responsibility and oversight for RPA has been assigned to the Parliamentary Under Secretary of State for farming, food and the marine environment.

Defra's Permanent Secretary, as Principal Accounting Officer, is the principal adviser to the Secretary of State on matters affecting Defra as a whole, including resource allocations across the department, and is responsible for ensuring a high standard of financial management.

Defra's Chief Operating Officer is responsible for the overall performance of the agency and appoints RPA's Chief Executive Officer.

The Chief Executive Officer is designated as the agency's Accounting Officer by the Principal Accounting Officer, and must be satisfied that the agency has adequate risk management, financial systems and procedures in place to support the efficient and economical conduct of its business, safeguard financial propriety and regularity, safeguard its reputation, and ensure business continuity.

Principal governance meetings

During 2013, we successfully trialled enhanced governance arrangements with Defra, which resulted in the Oversight Board (chaired by the Minister of State) being replaced by a Quarterly Performance Review between the Chief Executive Officer and Defra Corporate Owner and Corporate Customer. This new framework has helped to reduce the level of bureaucracy that was previously associated with formal boards while providing the minister and Defra with the necessary reassurance they require on our performance. In addition, quarterly meetings are held with the minister, RPA Chief Executive Officer and Defra Chief Operating Officer and separately with the Chief Executive Officer and the non-executive chairs of the Agency Management Board and the Audit and Risk Assurance Committee.

The Agency Management Board brings together a non-executive chair, Chief Executive Officer, nominated RPA executive directors and non-executive directors. A Defra Director is also a member of the board. The Agency Management Board has responsibility for setting the agency's strategic direction and making strategic choices. It takes responsibility for the agency's performance and agrees the issues that should be escalated to Defra. The non-executive chair and Chief Executive Officer work closely to ensure that the Agency Management Board effectively supports and challenges the agency's Executive Team.

The role of RPA's non-executive directors is to advise, support and challenge the Executive Team by bringing in experience and expertise from different areas, including the private sector.

The Audit and Risk Assurance Committee is formed of non-executive directors, some of whom also sit on the Agency Management Board. It is responsible for advising both the Agency Management Board and the Chief Executive Officer (as Accounting Officer) on matters relating to risk, control and governance.

The Executive Team is the primary tactical decision making group and brings together all the agency's executive directors. Its members also have key roles across the range of other governance activity which ensures consistency in the quality and appropriateness of decision making.

The principal governance meetings outlined above are also supported by a number of additional groups covering specific elements of the agency's operation. These have central roles in the management of some of the key risks associated with the RPA. These meetings are shown in Annex C.

Relationship between RPA and Defra

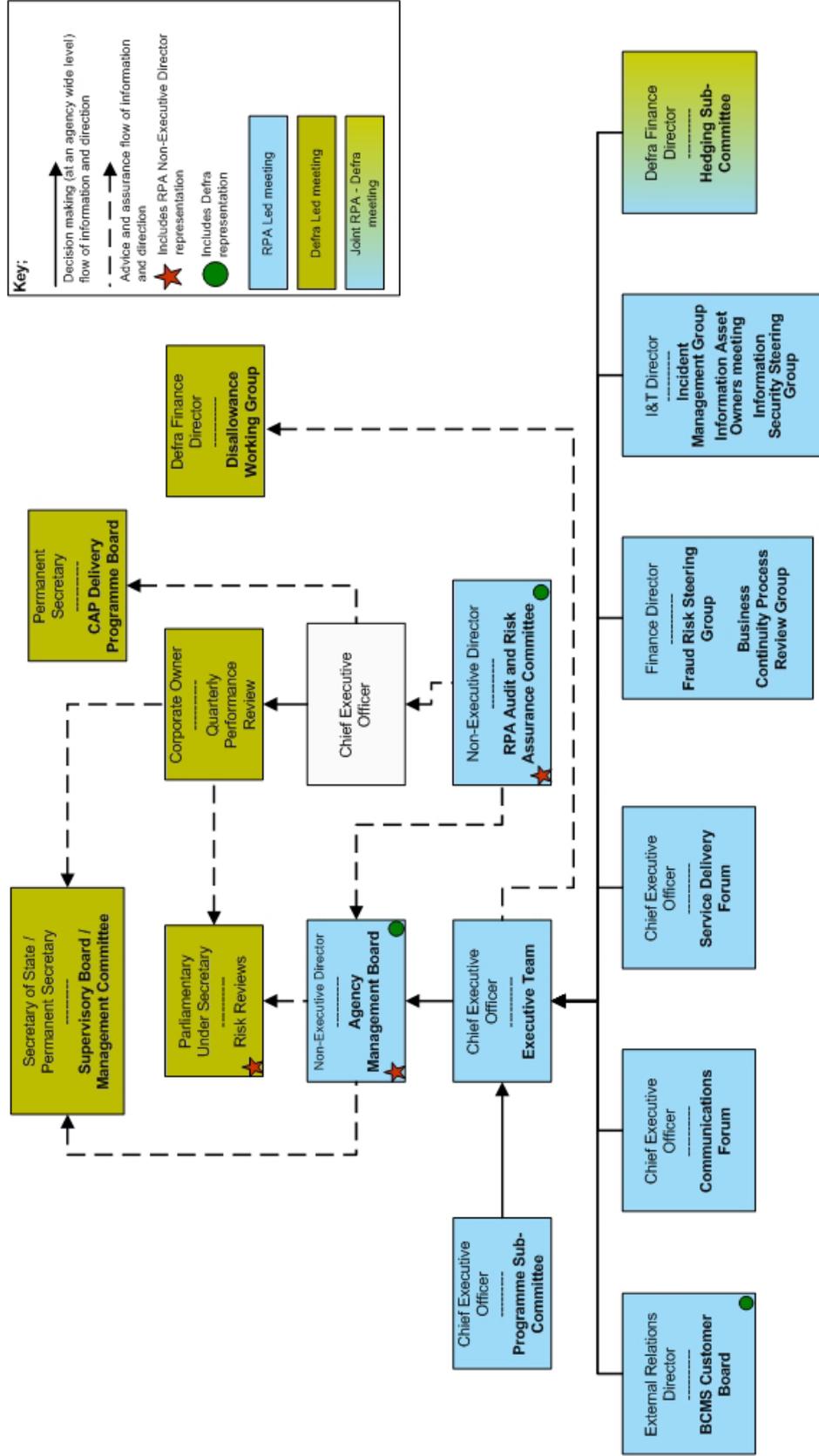
The Permanent Secretary has appointed Defra's Chief Operating Officer, who is a member of the Defra Executive Committee, as Corporate Owner to act on their behalf on day to day issues and generate the close contact needed between Defra and the agency. The Corporate Owner is responsible for overseeing the overall performance of the agency and carries out Quarterly Performance Reviews to hold RPA to account on the detail of its performance, risk reporting and corporate matters.

The Corporate Owner, on behalf of the Permanent Secretary, has appointed a Corporate Customer from within the Defra senior management team. The role of the Corporate Customer is to provide a high level interface with the agency on all matters relating to the overall delivery and quality of services provided. They support the minister and the Corporate Owner in making sure that Defra's and other agencies' requirements of RPA are being met.

Within the department, Defra's Executive Agencies Team and RPA Customer Policy Team advise the minister, Corporate Owner and Corporate Customer on their responsibilities in relation to the agency. This involves balancing a range of interests that Defra, and government more broadly, has in the organisation. The RPA's Customer Policy Team and the Executive Agencies Team act as the main Defra interfaces to the agency.

Annex C - Overview of RPA governance structure

RPA Governance Overview



Annex D - New activity in 2014/15

During the business planning process for 2014/15 Defra has made RPA aware of a number of areas of new activity for this year. This annex outlines those new areas of work, distinguishing between those which are certain and being taken forward for implementation, and those which are potential demands which are yet to be confirmed.

Agreed new work for 2014/15

The following items are confirmed requirements being taken forward for delivery in 2014/15.

- **Agricultural wages enforcement** – work is to be transferred from Defra to RPA from 1 July 2014. Work will involve handling of complaints and appeals on wage disputes by farm employees, supported by on-the-spot mediation and enforcement of legal notices on employers by trained inspectors in the most difficult cases.
- **Macdonald Task Force recommendations on livestock movements** – the Government response to the Macdonald Task Force recommendations will introduce new County Parish Holding number allocation processes and removal of all CTS links in England.
- **SMR 11 Food and Feed Law** – changes will strengthen controls covering statutory herd testing for bovine TB. From 1 January 2014 cross compliance penalties are routinely applied to CAP scheme recipients who fail to carry out some TB tests within the testing window. Defra wish to extend this to cover all TB testing requirements with effect from 1 January 2015, subject to RPA resource needs.

The following items are subject to Year 3 Transition projects:

- **Crisis Reserve reimbursement** – development of a new mechanism to make reimbursement payments to customers in 2014 whose 2013 SPS payments were reduced under the Financial Discipline Mechanism. We are waiting for detailed EU rules on the mechanism required and whether reimbursement will be necessary by Member States, depending on unused funds available.
- **2014 SPS funding** – Following budget decisions in the EU, various financial changes will be needed to the funding mechanism for SPS in 2014:
 - The overall budget for the scheme is being reduced with effects on entitlement values;
 - The modulation applied to payments is being removed and replaced by a percentage transfer of funds from Pillar 1 to Pillar 2; and
 - Financial Discipline will be applied for the second time.

RPA will need to develop and implement new processes to apply these changes in time for the SPS annual value recalculation in autumn 2014.

Potential new work for 2014/15

The following items are possible new policy requirements which are yet to be confirmed. When the requirements become clearer, we will work with Defra to determine and agree what needs to be done and the best way to implement them. We will take account of the fact that, whilst some activities may fit within existing resources, some could require new resources or reprioritisation.

- **Introduction of bovine electronic identification ('EID') and related measures** – The EU Animal Health Regulation adopted in spring 2014 will provide a 5-year transition period. RPA will work with Defra on preparatory work during 2014 to develop an impact and options analysis. The EID changes will require significant enhancements to BCMS IT systems and business processes, including possible abolition of cattle passports. There will be a need to share costs with devolved administrations and the individual requirements of these administrations could potentially require additional costs, for example, to develop interfaces for Scotland. Overall, efficiencies achieved should offset some costs.

- **Single multi-species database** – as with EID, there will be work for RPA during 2014 to input into a Defra business case for the future 'single multi-species database' for delivery following a transitional period. RPA is currently assessing resource requirements to support the continued Defra effort in 2014/15.
- **Recovery of control costs for the livestock sector** – developments are expected on a draft regulation affecting meat hygiene, livestock identification and potentially cross compliance inspections. This will require introduction of a new IT system and business processes for recharging inspection costs to the industry. There could be derogations for small enterprises and compliant customers.
- **EU Inspection Committee audit recommendations on bovine and ovine carcass classification and bovine deadweight price reporting** (April 2013) – assessment of audit findings will potentially involve changes to RPA business processes and also to processes and IT systems of RPA's delegated agent, the Agriculture & Horticulture Development Board (AHDB). Changes could require additions to the activity covered by the current service level agreement with AHDB. The audit response could require abattoirs to pass carcass classification results back to previous owners of animals, requiring an additional inspection resource.
- **Cattle Tracing System (CTS) to be used as on-farm register** – cattle keepers could use the CTS as their on farm register if they report electronically. This is being introduced as part of the Bovine EID regulatory changes which have a five year transitional period for the regulations to be implemented. RPA would need to implement updated external guidance, and RPA business processes for cross compliance, BCMS operations and inspections.
- **Changes to the Fruit & Vegetable regime following the adoption of the new Single Common Market Organisation Regulation and the planned review of the Producer Organisation scheme rules** – this could potentially require new IT systems and business processes.

Annex E - How to contact us

Letter

Rural Payments Agency
PO Box 300
Sheffield
S95 1AA

Email

Customer Service Centre email: csc@rpa.gsi.gov.uk
BCMS email: bcms-enquiries@bcms.rpa.gsi.gov.uk

Telephone

Customer Service Centre: 0845 603 7777
BCMS helpline: 0845 050 1234
BCMS Welsh language helpline: 0845 050 3456

Text Relay is available to enable deaf, deafblind, deafened, hard of hearing and speech impaired people to communicate with hearing people by telephone.

To contact us using Text Relay dial: 18001 0845 603 7777
For BCMS using Text Relay dial: 18001 0845 050 1234

Please call our Customer Service Centre on 0845 603 7777 if you need this plan in any other format.

Our website: www.gov.uk/rpa

Twitter: [@Ruralpay](https://twitter.com/Ruralpay)

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