Rural Payments Agency

Growing Together

Rural Payments Agency
Annual Report and Accounts 2023-24

www.gov.uk/rpa

HC 36

Rural Payments Agency Annual Report and Accounts 2023-2024

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HC 36

Opening statements
Performance report
Accountability report
Financial statements

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Chief Executive Officer's statement

Paul Caldwell
Chief Executive and Accounting Officer
19 July 2024

It is now three years into our 5 year strategy, published back in February 2021. In it we set out the following objectives:

- We will successfully deliver Agricultural Transition, meeting both customer expectations and policy needs
- We will reinforce our reputation for delivering environmental outcomes through a quality service
- We will be an exemplar of the Civil Service's Operational Delivery Profession working in practice

In 2023-24, we have made considerable progress against these and are ahead of expectations. This is even more remarkable given the considerable challenges posed by external factors affecting the agency and its people. Delivering on these commitments has been no small feat. It represents the dedication, professionalism and commitment of the people that work in RPA that this year has seen significant progress toward achieving our goals.

I am pleased to report we continue to deliver performance exceeding the expectations of many in those schemes we continue to manage, performing well against the targets we set whilst seeing an increase in scale. 54% of customers who claim Basic Payments Scheme (BPS) also have a Countryside Stewardship (CS), Environmental Stewardship (ES) and/or Sustainable Farming Incentive (SFI) agreement which represents an 8% increase compared to 2022-23, highlighting the growing adoption of Environmental Land Management Schemes.

Significantly, we launched a new SFI for 2023 whilst retiring the previous scheme from 2022 to allow greater flexibility and choice so that more people can engage with the environmental schemes that form the backbone of the transition from Common Agricultural Policy. Interest in SFI has increased dramatically, with over 17,000 farmers applying for SFI 23 since its launch in September 2023. As part of its launch, we have simplified applications so that agreements can start sooner and introduced quarterly payments to improve cash flow. Furthermore, in response to valuable feedback, we ensured that all farmers with active SFI agreements by the end of 2023 received an accelerated payment equivalent to 25% of their annual value within the first month.

We have launched new measures to assist farmers and rural communities with new grants to support farm innovation, farm recovery and animal health and welfare as well as measures to support water restoration and have even implemented arrangements to register XL bullies. We did all of this with similar baselines to previous years. More for less.

The achievements above are all part of the Agricultural Transition set out in our 5 year strategy now coming to life.

Increasingly, RPA serves as the voice of the farming community, providing valuable feedback to policy teams when challenges arise and helping to facilitate iterative improvements. Indeed, the close relationship with Defra's farming programme has been a feature of a changing agency at the heart of delivering Defra's ambitions.

A significant enabler to our strategy, has been a focus on improving our relationships with our customers, working closely with farmers, landowners, and industry partners to listen to their feedback and improve. For example, our new digital Rural Land Changes service allows customers to add or alter land, merge parcels, and make complex mapping changes more efficiently than before. And our field officers have continued to extend support and advice to improve outcomes and to regulate outcomes more effectively, whilst at the same time building trust with our customers.

In January 2024, we announced financial support through the flood recovery framework for communities and individuals significantly impacted by poor weather conditions. Collaborating closely with our colleagues at Defra and the Environment Agency, we utilised the Farming Recovery Fund to provide crucial aid to those affected by the flooding.

The journey we've undertaken has not been without its hurdles. Our dedicated teams and systems have been required to adapt to change, often under tight time constraints and with limited information. In this context, I am most grateful that the agency's people, remain our most valued asset. Their commitment to the communities they serve has been instrumental to our progress.

Our ambition to be an exemplar of the Civil Service's Operational Delivery Profession (ODP) remains, and significant progress of this has been shown with the agency being shortlisted at the National ODP awards over three consecutive years. This year was particularly special with our Countryside Stewardship Applications Assisted Digital Team winning the bronze award in the "Inclusion" category.

We continue to encourage and support our people to develop their talents and uptake of the AA-SEO ODP development programme has soared with 200 colleagues achieving promotions due to their newly acquired skills in delivering excellence.

We have learned much this year, and still have much to learn. We do this with the help of our customers. The Executive Team and I are grateful to everyone in the agency for the continued dedication, understanding and support they have shown in achieving so much in a challenging year.

Non-Executive Chair of the Agency Management Board's statement

Elizabeth Passey

Non-Executive Chair,
Rural Payments Agency
Management Board

19 July 2024

As we end the third year of our 5 year strategy, my final year after two terms as Board Chair, the agency's focus has remained on using all of the assets available to it to deliver its service. Particular focus has been on new technology and using it without forgetting the importance of traditional approaches. This has resulted in delivering payments, on time, and accurately, has required empathising with stakeholders and improving our customer relationships, all alongside the agency's obligation to fulfil Ministerial direction.

Approach

The agency, and its Board, continued to actively engage with the farming and rural community with the objective of enhancing its own services and providing valuable feedback to Defra and its policymakers.

Board members attended agricultural events and shows, visited payment and grant recipients on site, visited agricultural colleges (Reaseheath) and universities (Reading) and, wherever possible, used farm and rural accommodation when it was required for board meetings and staff engagement at the agency's England-wide offices. By gathering and sharing insights from these interactions, we further enhanced the agency's own services and provided valuable feedback to policymakers.

Delivery

The agency delivered over £3 billion of UK Exchequer funding to the farming sector in the last year. It is not just the value of funding that assists the farming community, but how, and when, funding is communicated and disbursed. To this end the Board encouraged the agency to continually review its adaptability, the freedoms it might have regarding the timing and communication of payments, and how it might more proactively assist farmers to avoid forced reductions in their payments.

For example, recognising the adverse impact of poor weather conditions on the planting / harvesting calendar of the sector, the agency adjusted its approach, and, with policy colleagues, extended the application window for the 2024 Countryside Stewardship Mid-Tier agreements by one month, to allow those affected by weather related delays to still be able to apply. By contrast, the payments window did not extend, with payments still being made on time by the agency, despite the reduced processing time.

With the persistence of financially challenging conditions in the sector, the RPA offered BPS (Basic Payment Scheme) advance payments for the second consecutive year. This meant that where a farmer would previously have had to wait until the end of the year for their payment, this and last year they benefitted from receiving some payments in the middle of the year, with the balance at the end of the year. During the summer of 2023, the agency disbursed advance payments to 82,162 customers, injecting over £500 million into the rural economy earlier than it would have done previously. Although this required making payments in two stages, the drive for internal efficiency at the agency, and the improved use of technology allowed the increase in demand for service to be addressed. It was hoped that the ability to offer this earlier timing might improve cash flow for farmers, and thus contribute to the sector's resilience.

Although the agency has a role in enforcing regulation, the Board has encouraged it to have an increasing role in assisting farmers to avoid contract breaches, so that an enforcement action need not be taken. This has come about with the advent of improved data capture and analysis, including aerial imagery. These technology assets allow the agency to pro-actively monitor what is taking place on the ground, and to assist customers to avoid mistakes that might occur. This in turn reduces the risk of a reduction in a customer's payments.

In addition, the agency continued to roll out further grants, schemes and services to support a broad range of customers across the rural community. SFI 23, which began accepting applications in September 2023, saw the amount and variety of actions significantly increase to 23, allowing farmers to choose a combination which is right for their businesses. The volume of change being introduced involved enormous, and high speed, adaptation of the agency's very large operations, alongside the very sizable adaptations that the sector had to make as well. The intensity of the task should not be underestimated, and the Board was grateful for the hard work undertaken by all.

> Beyond supporting farmers and land managers with regular payments, a core objective of our schemes is to improve environmental outcomes

Internal Engagement

As a Board we were pleased that in 2023, the agency delivered on our request for a formal Farm Visits programme for staff members, many of whom do not have previous farming experience. Previously only informally offered, this now formally offers all colleagues the opportunity to experience on-farm activity first-hand. By gaining deeper insight into how farms operate and what the farming community's needs, coupled with the agency's customer excellence training, we hope that our team members will be able to serve the farming and rural community better.

A core objective of the agency's schemes is to improve environmental outcomes. It is important that the agency recognise this in its own operations too and thus contribute to Defra's 25-year Environmental Plan, and the UK's overarching "Net Zero by 2050" commitment. The establishment of a sustainability team within the agency, demonstrated the agency's intent to become a greener, more sustainable payments organisation.

Our team members also volunteer to help improve the environment themselves. In February 2024, a group of RPA colleagues, volunteered with Environment Agency staff to plant trees along the River Derwent in Cumbria.

As I approach my final quarter as Chair of the Board, I am reminded of how much work there is still to do. But I do acknowledge that my successor in title will have the opportunity to build on the achievements that the agency has made over the last six years.

Together the agency has:

- Moved from direct payments to environmental land management schemes, increasing positive environmental outcomes across the nation.
- Transitioned from annual payments to regular more frequent payments ensuring farmers and landowners have a reliable source of cash flow.
- Delivered a range of grants that increase farm productivity, improve animal welfare, and promote the use of modern technology.
- Improved its payment performance record.
- Deepened its empathy for its farming clients, and better understood their, the public's, and the Departments' needs, including around cash flow and the financial pressures in the farming community.

Thanks

I would like to express my thanks to those who have helped us to learn and to grow as an agency during my time as Chair, and to apologise where we have got it wrong. There is still more for the agency to do, and we have put processes in place to continue our progress.

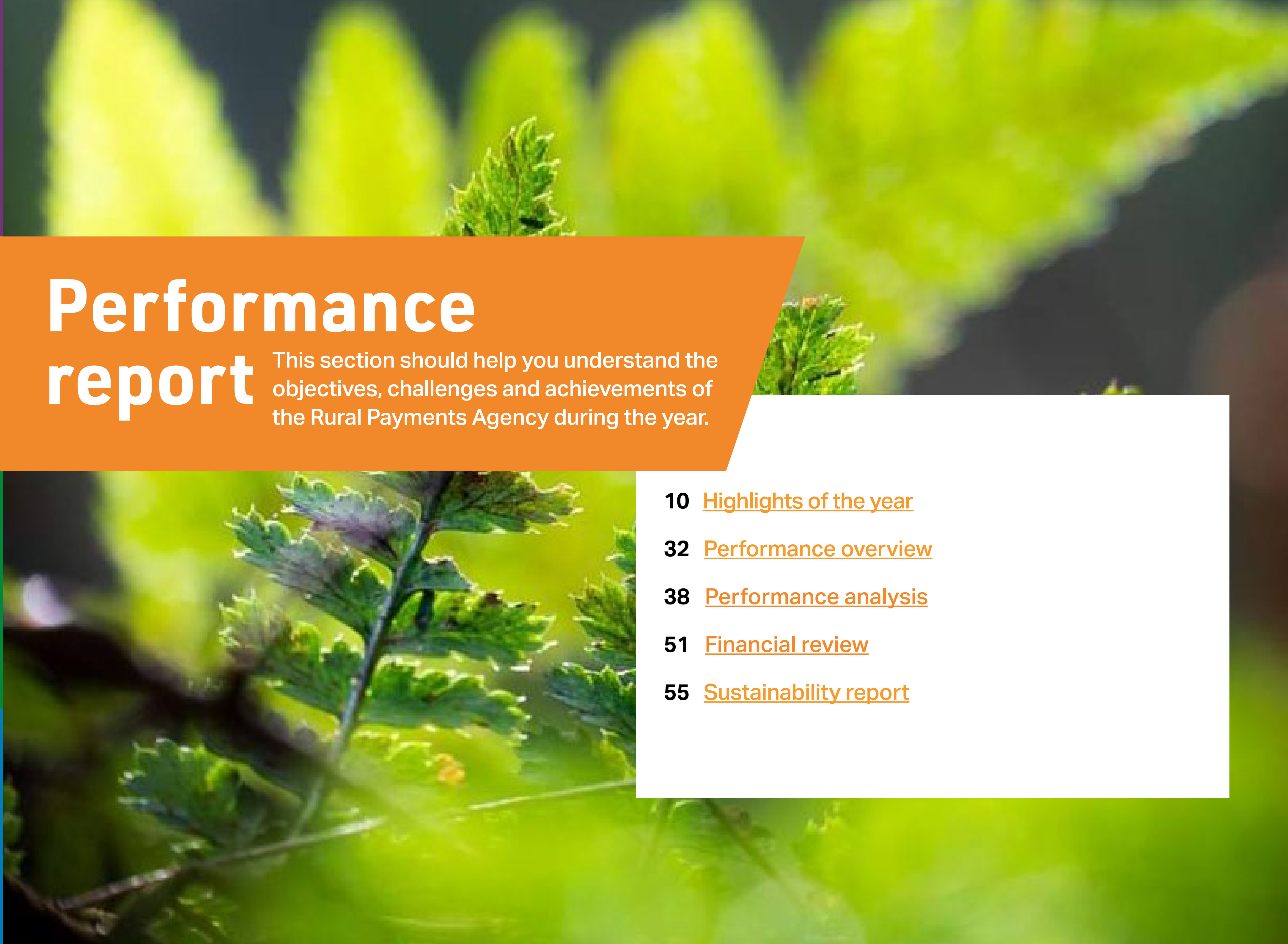
Thanks go to Chief Executive Paul Caldwell and his Executive Team, the agency's dedicated staff, and our partners across Defra and the Future Farming Programme, as together we work towards a shared vision of a thriving agricultural sector, and a healthier environment.

Thanks also to farmers, land managers and representatives who have shared their feedback willingly and openly as the agency has striven to improve.

I am grateful to The Public Chairs Forum (PCF), hosted by the Institute for Government, for being the source of useful peer to peer insight for public chairs, and to the Defra Chair's Forum, as the Chairs of Defra public bodies work together to help deliver the Department's strategic plans.

In the last year, the CEO's and Chairs of the Rural Payments Agency, The Environment Agency, The Forestry Commission, Natural England, The Animal and Plant Health Agency and the Marine Management Organisation have met several times to learn from shared experience and issues, and to provide collective insight for improvements in the services they provide. I hope this initiative will continue after my departure, as public bodies think imaginatively and pragmatically about how to address the issues that the public, and the public sector, face.

The Board, its Secretariat and Executive Team that I leave behind are amongst the most thoughtful of Board groups on which I have had the privilege of serving. I offer them, and my successor, every good wish for their continuing progress in their work with the farming community, the Department, and wider stakeholders. Personally, I remain committed to the rural community and to supporting the Rural Payments Agency and Defra group.



Performance report

This section should help you understand the objectives, challenges and achievements of the Rural Payments Agency during the year.

Highlights of the year

RPA YEAR IN NUMBERS

17
MP Roundtables with over 500 attendees

99.7%
Passports recording cattle births, deaths and movements issued within 5 working days

40 plus
Agricultural Shows and events

Over 6,500
Farm visits undertaken by our Field Officers

5,890
Livestock farmers applied to get funding for a vet to visit their farm for an Annual Health & Welfare review

14,500
Schools provided subsidised milk, yoghurt, and yoghurt products to their students

795
Applications received for the second round of our slurry infrastructure scheme

15
Colleagues gained their Operational Delivery Profession qualifications

25,476
Calls made to our Defra and Pet Travel Scheme helplines. We had a further 3,000 webchats

£430m
Payments made by end of March 2024 for CS & ES claims

80%
Land changes are being made via our new online Rural Land Changes service

22
National and Regional groups represented in our Farmer Welfare Working Group

54
RPA Ambassadors have engaged with customers at 37 external events

25
Years of the British Cattle Movement Service in operation

12
RPA colleagues on the Beyond Boundaries cross-government programme

795,000
Parcels assessed to maintain the accuracy of our Rural Land Register

729
Panel members providing us with regular feedback

£1.08bn
BPS payments released into the rural economy in the final year of the scheme

What our customers say

Dorset Downs Farmer Cluster
@DorsetDowns

Latest SFI agreement received within two days, notified by quick phone call 👍

Whilst the appeal of the various SFI options can be debated, the efficiency of the new @Ruralpay application system shows great promise.

Dan Pescod @Dan Pescod May • 23
Great day at the @Ashdown_Forest centre with @Ruralpay and @WildlifeTrusts colleagues; discussing how to make payment schemes work for nature. Thanks @LarryAdler77 for hosting!

James Sills
@JRDSills

I've been very impressed with @Ruralpay's processing of my two Mid Tier applications. I've now offers for both. One was a big application with a few errors on my part & took a bit of time on the phone to sort. System seems to be working much better. Well done, @KapilaSandy et al.

Louis Phipps
@louis_phipps

Thanks @Ruralpay for a quick turnaround for a capital claim for fencing - submitted last Monday, paid today. It makes a huge difference to cashflow and incentivises further engagement in schemes. @KapilaSandy

Clive Ballye
@TWBFarms

just gets better and better here and our #sfi plans is going to take things next level over the next few years - the data from groups like @RingersWm will be invaluable @DefraGovUK @Ruralpay

West Midlands Ringing Group @RingersWM • Dec 15, 2023
A nice Thermal Survey @TWBFarms on the hunt for Jack Snipe, saw good numbers of Skylarks roosting, 6 Woodcock feeding, ringing 1, plus Redwing and Fieldfares. Fingers crossed for Jack Snipe next time. #pebblefund

Chris Millward @Chris4Patches • May 28
A fascinating variety of invertebrates have moved into the new @Ruralpay SW3/AB1/AB8 arable field margins at "Hillmans", Oatenfields @BibbeysWildFarm with Black Darwin Wasp, Azure Damselfly, Nursery Web Spider and Ashy Mining Bee among the stars today 🐝

Rona Amiss
@grassfedsheep

Can't fault @Ruralpay when you get the SFI application finalised the payments are quick. Huge improvement on CS agreement. @JanetHughes

Tom Jewers
@cutlerstom

Credit to @Ruralpay @JanetHughes .
Have to say the SFI application process was far from straightforward due to land use/land cover issues which took some sorting, but I submitted my application yesterday and have received an offer today, so Kudos on the turnaround time!

NFYFC @NFYFC • Nov 23
Young farmers recently spoke with @Ruralpay and @DefraFAS at a YFC AGRI meeting where they were encouraged to speak out during the agricultural transition.

Find out more 👉 nfyfc.org.uk/young-farmers-...

#YoungFarmers

Courthill Farm
@courthill_farm

Having recently submitted our Midtier application, I just wanted to say a huge thank you to the RPA team. Yes there have been some technical issues but I have to say the people at the RPA who helped us get them sorted have been excellent and very helpful.

External Engagement – Shows and Events

We committed to getting out and about to meet with and learn from more farmers and rural communities than ever before. We've listened, taken onboard feedback and shared information on our schemes and services. We've increased our face-to-face engagement and offered our support to those navigating the agricultural transition.

Our cornerstone of external engagement is our shows and events calendar and during this period we attended over 40 different agricultural shows and events. We've had over 2,100 conversations at these events covering SFI, CS, BPS and Grants.

Our Shows and Events manager Sam Taylor said:

> *"It's been a brilliant year for external engagement. Personally, I have attended over 20 shows and events all over the country, speaking to hundreds of farmers. It's been fantastic to get out and about and talk to so many different people. I really enjoy helping them on a 1-2-1 basis and talking about the various schemes and grants the RPA have on offer. We are expanding our calendar next year and will be taking in even more shows and events in 2024. We're looking forward to another busy season!"*

As well as farmers, land managers and agents we were also pleased to see Ministers, RPA Non-Executive Directors, RPA Directors, and our CEO visit our stand. This gave them the chance to hear directly from our customers.

We also offer the opportunity for colleagues in the agency to get involved and come along to our events to assist. This year we had 95 RPA staff join us at these events, bringing with them a breadth of knowledge and serving as a development opportunity for many of them to do something a little different to the day job.

External Engagement – Member of Parliament (MP) Outreach

Our MP Roundtables really ramped up in 2023, with 17 events held across the year. We had over 500 attendees at these sessions, and they were a great way to speak to farmers and land managers from all areas of the country. We worked alongside the MP's office for each local constituency to ensure the events were meeting the needs of the constituents. We created a joined-up approach with colleagues from the Farming Programme in Defra, the Forestry Commission and Natural England.

The Roundtables usually start with a presentation from RPA colleagues, followed by updates from other organisations in attendance, giving an update on the RPA 5 year strategy, our plans for working with rural communities and how we've been working to improve the customer experience. There is always time for a Q&A session and hot topics always centre around our main schemes - SFI, CS and the phase out of BPS – along with queries around our grant schemes.

External Engagement – Other Opportunities

As well as the usual shows, events and MP Roundtables, we've undertaken some less 'run of the mill' opportunities too. We've attended local events hosted by rural hubs and facilitation groups across the country. We have also started to work with local auction marts, coordinating with the Farming Community Network (FCN) to co-locate and provide information on how the RPA can help.

Sandy Kapila, Head of External Affairs, also had the opportunity to chat about the RPA's progress to farmer Olly Harrison as he, and three others, drove a combine harvester from John o' Groats to Land's End. Sandy said:

> *"We know the value of hearing from farmers and rural businesses directly. Getting out and about more than we have ever done before listening, learning and seeing what we can do differently. I am grateful to all those that invested time to come along and hear the progress the RPA has been making. I hear from them that they found it useful and that they can see transformation we are working towards in building different relationship with them."*

Understanding our customers

Farm Visits

Throughout the year we piloted a Farm Visits project, working with different areas of the agency to understand how we can meet their needs when it comes to getting some on-farm experience.

There has been huge interest and uptake in this project and we're really excited to roll it out over the coming months.

Lauren Briggs, External Affairs Manager, and lead on the Farm Visits project said:

> *"We want to offer everyone in the RPA some on-farm experience in a way that also works for the agency and our customers. This creates an important opportunity to see the real life impact their work has on our customers and rural communities. We've had some amazing sessions already – from holding newborn lambs up in Northumberland to checking out vertical farming at an Agricultural College near Crewe – the feedback has been fantastic, and the visits are really worthwhile. Our people are provided with a great personal development opportunity which in turn will also improve the customer experience."*

Our CEO Paul Caldwell said:

> *"Having the opportunity to meet and connect with farmers face-to-face, and to see the outcomes we are supporting them to deliver, is something we want to encourage for all of our people as we strive for customer excellence."*

Farmer Welfare Working Group

We continued our regular engagement with the RPA Farmer Welfare Working Group and have welcomed new members. There are now 22 national and regional charitable and welfare groups represented who have the opportunity to engage directly with RPA senior leaders and work collaboratively on ways we can improve access to our services for farmers. Inputs from the group have included;

- Supporting user research into customer experience for people who may find it harder to engage or access our services, influencing future improvements.
- Insights into how announcements about farming changes have landed in the communities they interact with, influencing our communications.
- Collaborating on increasing our face-to-face interaction with farmers, influencing our engagement.

Rural Mental Health and Suicide Awareness Training

In this challenging and changing environment, mental health in rural communities has been a focus for us again this year. We rolled out revised rural mental health and suicide awareness training for all our Field Officers and visit support staff, up to senior leader level. Going forward this will become mandatory training for all new staff, with periodic refresher training. This is in addition to the module on customer vulnerability, which is part of our Customer Excellence training package.

We have worked closely with the Farming Community Network to refresh mental health training undertaken by staff in our contact centre and have rolled out an updated vulnerable customer toolkit, to aid our staff in identifying, signposting, and supporting customers where needed.

Additional Support

Using a new referrals process, our Account Relationship team has assisted customers who have faced unique or complex challenges, by providing dedicated short or longer term support.

In one case, a farmer was experiencing personal issues linked to an illness, requiring family intervention and support. An Account Relationship Manager acted as a single point of contact and liaised across RPA teams, reducing the need for the farmer to offer repeat explanations of their personal circumstance and minimising further stress. They kept the farmer informed while their situation was looked into, and historic entitlements were re-instated. We were able to make a payment, relieving significant financial pressure.

Ambassadors

Many of our people live and work in the communities we serve and are passionate about meeting our customers and developing their engagement skills. In June 2023, following a successful pilot, we rolled out the RPA Ambassador Network across the agency. 109 of our people with different backgrounds and experiences signed up and undertook bespoke in-house training.

54 Ambassadors represented RPA at 37 events, engaging with a wide variety of people including farmers and stakeholders, to listen, share information and gather insight which gave them an increased appreciation of the farming industry.

As well as supporting RPA colleagues at agricultural shows and MP Roundtables, our Ambassadors have built relationships with local communities, including working with the National Federation of Young Farmers Clubs and the Herefordshire Rural Hub.

"Being an RPA Ambassador makes me feel a valued member of the agency. With ongoing support and additional training, the confidence instilled gives me the motivation to be at the forefront of customer experience. This role allows me to engage with such a diverse group. Being a social butterfly, I'm in my element talking and meeting new people! The sense of achievement when I'm able to solve a tiny piece in the jigsaw of someone's life, makes me proud to represent the agency and its values."

Helen Copeland,
RPA Ambassador and Regional Engagement Manager

Rakhee attended the National Farm Management Conference in London, organised by The Institute of Agricultural Management and engaged in meaningful conversations with farmers, stakeholders and representatives of different organisations. While networking she also established a relationship with a local farmer who offered to host RPA people on her farm, which we were grateful to accept.

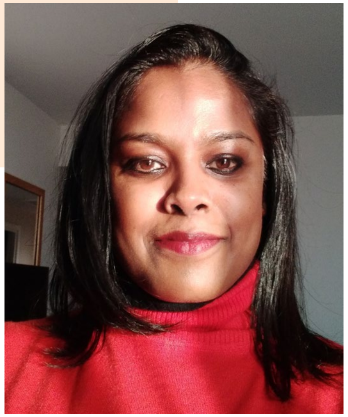
"The role of an Ambassador is very important as we're at the forefront of the organisation, creating a bridge between our dedicated farming community and RPA. Our presence at the conference was really appreciated by the members of the Institute of Agricultural Management, and various farmers and delegates. It was an insightful event that I really enjoyed attending."

Rakhee Sharma, Countryside Stewardship Applications

Dee attended a Defra industry event in Nottingham on the replacement for the Fruit & Vegetables Aid Scheme, and represented RPA at the DairyTech event at Stoneleigh Park, near Coventry the following day.

"It was clear that RPA's presence was continuing to be very well received as we encountered numerous customers approaching the stand and raising queries on the Sustainable Farming Incentive and other grant schemes. As I listened closely to conversations conducted by colleagues, I absorbed invaluable knowledge and updates on other parts of RPA."

Dee Tsouvallaris, Regional Engagement Manager

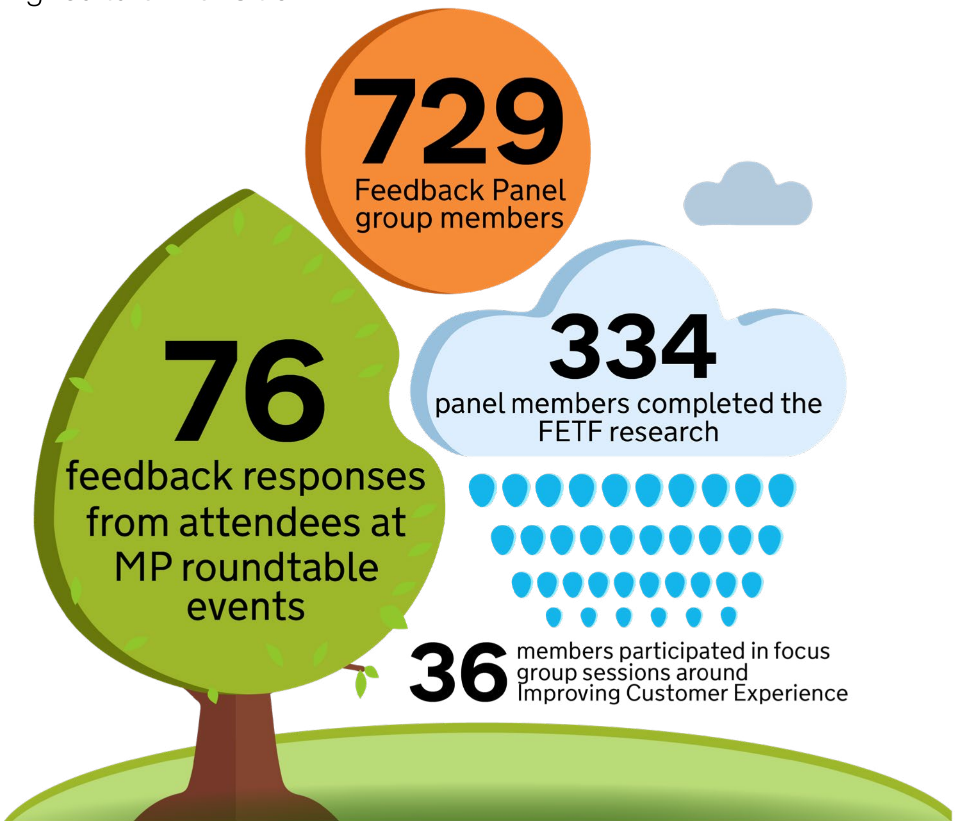


RPA Feedback panel

The RPA Feedback Panel (formerly known as the RING – Research and Insight Network Group) has continued to provide us with valuable insight to improve, progress, and deliver RPA and Defra schemes and services.

The new Rural Land Changes service was co-designed with the group, enabling customers to submit land mapping changes online, negating the need for a paper form submission.

As well as testing and reviewing the new Mid-Tier Online Application process for Countryside Stewardship, members regularly provide feedback on the customer SFI journey. This is being used to continuously improve the scheme as we navigate Agricultural Transition.



They also took part in user research to improve the Rural Payments Service online portal. This has supported the development of a new prototype.

Comments from some of our members:

"I think it's great that there is the opportunity to offer feedback into a system that I am involved with on a daily basis. There are a huge amount of changes happening currently and being able to understand and feedback from what is happening on the ground, is excellent."

"I feel the Group is a good step towards better working with farmers."

"I really enjoyed yesterday's session and sometimes just having the opportunity to feedback is motivating. I really enjoyed meeting everyone too and the session was so well ran encouraging contribution from all."

Growth and Innovation

Woodcote Farming Ltd

Woodcote Farming Ltd is a contracting business established in March 2021 to provide agricultural contracting services to J M Bubb & Son and Shropshire Petals Ltd (both associated businesses). J M Bubb & Son is a fourth-generation arable farming business growing potatoes, oilseed rape and wheat across 420 hectares.

Shropshire Petals Ltd grow a wide range of sustainable petal confetti for weddings and dried flowers for home décor and gifts. British flowers are grown through the summer months and picked by hand. All petal flowers are biodegradable and eco-friendly.

Through our Farming Investment Fund (FIF), Woodcote Farming Ltd received funding towards the purchase of two farmdroid robots to plant the flowers and remove the weeds around them. No other business has used the robots for the planting of flowers, making it a world first!

The robots are powered by four large solar panels that provide enough energy to keep the robot working for 18-25 hours. This has removed the need for the use of tractors, reducing CO2 emissions as there's no need for fuel. The robots are also lighter than tractors which reduces the risk of compaction, allows earthworms to function better and improve soil conditions.

This project has enabled improvements in sustainability within farming, reduced the carbon footprint and harnessed natural energy to produce crops.

Throstle Nest Farm

Throstle Nest Farm is a 300-acre farm in Pilling, Lancashire. David Wilkinson has been farming at Throstle Nest for over 40 years and currently has 300 cows. He applied for grant funding through the Farming Equipment and Technology Fund (FETF), which provides grants between £1,000 and £25,000. David wanted to keep up with improved standards and increased animal welfare.

He was awarded funding for rotating cow brushes (which clean and entertain the cows) through the FETF Round 1 and has continued to apply for funding for various pieces of equipment over the last few years.

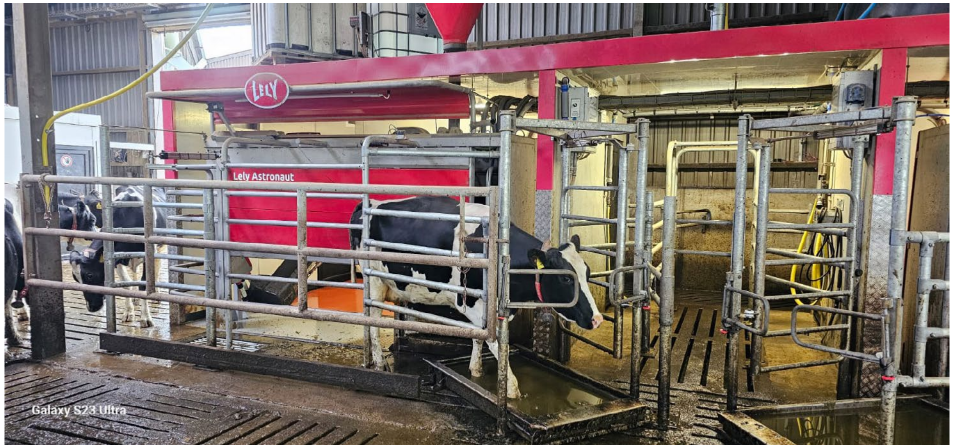
As well as a calving gate, to hold cows during calving, and a cluster flush to wash out between cows during milking to help reduce mastitis, they have also installed a variable speed pump for milking cows.

David said:

> *"This piece of kit varies the speed of the pump, so it only uses the amount of power you need at the time, which saves a lot of money on electricity."*

The farm has also received funding for automated footbaths and a trailing shoe slurry system.

> *"Another major problem is lameness in cows, caused by either stones or pathogens, so if you put in a footbath, you can keep consistency throughout the herd and the slurry system allows for better management as instead of spraying the slurry, it puts it directly onto the ground."*



Woofa Bank Farm

Woofa Bank Farm, established in 1976 by Kenneth and Lynne Throup, is nestled in Silsden Moor, West Yorkshire. Kenneth and Lynne run a dairy enterprise on the farm.

Woofa Bank has recently grown to approximately 650 aces with their two sons joining the partnership and expanding the farm enterprises.

However, their milking procedure was outdated and when milking the cows twice daily it was taking 12-man hours a day - much longer than in comparable herds with larger milking parlours.

Kenneth and Lynne applied for the Farming Transformation Fund (FTF) grant.

They were successful and the business was awarded funding for four robotic milking systems to optimise milk production and improve cow health through closer monitoring.

The new robotic system milks on average three times a day, saving hours of time. The system also helps to inform rationing of each individual cow, improving their nutrition and their health and welfare, as well as being much more cost efficient for the farm.

Hazeldene Ltd

Hazeldene Ltd supply branded, high welfare free range eggs to Sainsbury's and ASDA as well as other smaller retail customers.

The business wanted to invest in an egg breaking and production plant that would make a range of liquid egg products to supply the growing demand for these added value products. They successfully applied for funding through the Farming Transformation Fund (FTF) and built a new egg processing plant next to the egg packing facility at Hazeldene Ltd to optimise the logistics and reduce transport and packaging costs.

The new state of the art egg processing plant cracks the egg to release the contents, and the machine can separate the yolk from the white. These can then be pasteurised separately to make a range of liquid egg products.

'First' quality eggs are currently sold to retailers at a premium. 'Second' quality eggs or eggs with small shell imperfections are usually sold as seconds at a significantly discounted price. This new process of creating branded liquid egg products is a way to add considerable value to a product, giving the farm an increased income stream.

RL & JP Long

RL & JP Long are an arable partnership business, specializing mainly in onion and potato production, but also cereals and oilseeds. They have been trading for 45 years. They applied for funding through the Farming Investment Fund (FIF) to install a vegetable sorting and grading line.

Currently potatoes which are less than 45mm in length are 'split off' and go to waste. These are referred to as 'mids'. The new equipment enables the farm to separate the 'mids' which can then be sold for an estimated value of £40 per tonne. This has created a new income stream for the business as they were previously a waste product.

Onions at the farm are also getting special treatment with the new equipment. Around 5,000 tonnes of onions come from fields with lots of stones in them. The onions can now be graded before being sent to customers, and the stones removed. As well as adding value to the product, it also reduces the unnecessary haulage of 'non-crop', creating an environmental benefit too.

The current route to market is mainly from the farm directly to processors such as McCain Foods, Morrison's and Bennett Potatoes.

Field Officers and Visits

Our field officers have...

- Visited 36,492 hectares of land
- Inspected 126,600 cattle
- Checked 825,372 sheep (including external visits)
- Completed 1,441 Meat and Livestock visits
- Undertaken over 6,500 field-based visits
- Completed 170 Trader visits

Rural Land Changes service

In December 2023, we introduced our new Rural Land Changes service which has significantly reduced the length of time it takes us to action mapping request from customers. The requests can take just minutes to complete on the online service and are sent straight to the RPA's mapping team to process. Over 80% of 'RLE1' submissions are now coming in via the Rural Land Changes service, surpassing expectations over the desired uptake and generating really positive feedback from users.

The service was built from the ground up with customers – every page was developed alongside our RPA Feedback Panel members and the Industry Partnership Group meaning users and their needs have been at the heart of the development.

The service allows for more responsive processing of customer requests allowing customers to submit new applications for schemes such as SFI much quicker than the old paper/e-RLE1 route.

This is the first element of transformational change in how the RPA handles mapping and spatial data. Future improvements are being identified to improve the customer experience.

Dave Franks, Operations Lead from Geospatial Services said:

> *"The Operational Mapping Team deal directly with customer mapping requests, so this new online service was a real change for us. The engagement and support from the project team was excellent throughout, so when the service went live our transition went very smoothly.*
>
> *We haven't experienced any major issues, and it has made parts of our job much simpler. It has reduced the amount of manual work we need to do, given us access to more comprehensive MI and most importantly it has significantly reduced the time it takes customer mapping change requests to reach our team.*
>
> *We have received positive feedback from our customers, and already seen a lot of businesses use the service. We are now receiving more changes through this route than via the traditional RLE1 forms."*

RPA Webchat update

RPA's webchat pilot for British Cattle Movement Service (BCMS) and the Pet Travel Helpline was launched in 2023. Feedback suggests that people who use our services would like fast and easy access to find the information they need. We received over 3,000 webchat requests in the last year, with an average chat duration of around 10 minutes.

Pam Graham, our Customer Contact Centre Lead said:

"We're always looking for ways to make things simpler and improve the experience people have when accessing our services. We want to make contacting us easy and to give people options on how to do this, which is why we are trialling a new webchat tool for some of our services.

We've introduced this function initially to give users an alternative channel for assistance with generic advice and guidance. For support with case specific queries users will still need to contact us via the BCMS helpline or email address, or the Pet Travel Helpline, but our aim is that anyone needing general advice can opt to use the webchat to talk to one of our advisors and get real time responses and access to guidance.

We have received positive feedback from our customers, and already seen a lot of businesses use the service. We are now receiving more changes through this route than via the traditional RLE1 forms."

Our People – 25 years of the British Cattle Movement Service

2023 marked 25 years since the formation of the British Cattle Movement Service (BCMS) which is responsible for maintaining the central online database of all bovine animals in Great Britain. BCMS is based in our Workington office in Cumbria.

The Cattle Tracing System was introduced in 1998, against the backdrop of the BSE epidemic and later became part of RPA. By law, all bovines must be registered with BCMS to allow the government to identify and locate livestock in the event of a disease outbreak or food safety incident.

The tracing system helps to control and eradicate bovine diseases such as Tuberculosis (TB), Bovine Viral Diarrhoea (BVD) or foot and mouth disease. It also protects the public by making sure that products in the human food chain are safe. By registering their cattle with BCMS, farmers and keepers play an important role in protecting the national herd from insidious diseases.

A survey that was undertaken in 2020 told us that 95% of users were either satisfied or very satisfied with their BCMS experience.

In September 2023, colleagues came together for a celebration in the Workington office, remembering old friends and colleagues and the achievements over the years. Terry Gadd, RPA's lead for livestock and trader scheme related services said:

"My team and I are immensely proud of the quality and longevity of the services we have provided to our customers over the last 25 years. BCMS has been a well-respected and trusted service since its formation, and over that time has successfully processed approximately 453 million cattle transactions, issued nearly 68 million cattle passports, and processed almost 318 million cattle movements… a monumental achievement."

Our People – Volunteering

Our people have been involved in a variety of volunteering opportunities over the past year. We use an internal sharing platform to promote and enable participation in charity and volunteering events, and we encourage colleagues to use their volunteering allowance for causes that are important to them and reflect the values we share as an agency.

In February 2024, Phil Wright (Workforce Planning Lead) volunteered at his former secondary school to support with mock interviews for year 10 and 11 students. The day consisted of talking with the students, hearing about their skills and experiences, and providing constructive feedback on how they could use this to get either into the world of work or for future studies.

Phil said of the experience:

"Although the main purpose of the day was to support the students, I got so much out of this myself, from networking with other local businesses to thinking about how the RPA can adapt our approach to interviewing to be more inclusive to people entering the world of work."

A group of RPA colleagues in Carlisle helped the Environment Agency to plant trees along the River Derwent, in Cumbria. The aim was for the trees to provide riverbank stabilisation, create shaded areas to boost fish populations, help to slow the flow of the river during high rainfall, and bring benefits for biodiversity and wildlife in a changing climate.

Sian Owen from the Internal Comms Team said:

"It was great to see everyone working together and in total we planted an amazing 475 bushes and trees. As most of the volunteers were local to the area and often visit this part of the river, it felt great to do something to improve the local area and hopefully in the future see the benefits of our hard work."

Our People – Operational Delivery Profession

The Operational Delivery Profession (ODP) is the largest profession in the Civil Service, serving millions of customers every year. All colleagues in the RPA are part of the ODP, and this is the third year we had colleagues representing RPA at the ODP Awards.

This year, as well as RPA colleague Helen May being nominated for the 'Community' award, the RPA Countryside Stewardship (CS) Applications Assisted Digital Team won Bronze in the 'Inclusion' category. This award recognises outstanding contribution in Making Operational Delivery a more inclusive profession.

Nika Smirnova from the team said:

> *"It was a fantastic day and incredibly inspirational to hear about all the amazing work that's happening within the ODP. To then have the honour of the team winning the bronze award just further brought home the impact the team has on customers and how impressive that is! It's really exciting to be a part of and I'm incredibly proud of the team for the achievement and the recognition of the hard work and care they put into their roles and interactions with customers."*

We have been promoting opportunities to get involved in the Operational Delivery Profession for our people, including completing ODP qualifications. 15 people gained a qualification last year and attended an award ceremony in January 2024, to collect their certificates and celebrate their achievements.

Ben Beattie said:

> *"Undertaking the ODP Level 3 Advanced Certificate has been a really beneficial step in my career. It has helped improve my confidence and knowledge in all aspects of the Operational Delivery Profession. It has given me real incentive to achieve more qualifications like this in the future."*

The Rural Payments Agency set up an ODP stall during Defra Live events in both Newcastle and York this year. We invited colleagues from across the site to visit the stand and discuss all things ODP, followed by a presentation around what it is and the opportunities available. This was delivered both physically and virtually over Microsoft Teams.

Both events were well attended from all levels across the Defra group and those based at the Newcastle site, and ODP was widely discussed and celebrated throughout the day.

Our People – Learning and Development

Learning and Development at the RPA comes in all different shapes and sizes.

Alongside more standard training, we actively encourage colleagues to make the most of the opportunities on offer.

Apprenticeships

Apprenticeships can offer big benefits to people's personal and professional development. They provide valuable skills and experience for existing or new employees resulting in nationally recognised qualifications.

In turn, this enables us to build talent across the agency and support people with their career progression.

Neil Egerton, RPA colleague said:

"I have been studying a Level 7 apprenticeship since September 2023, with the aim of progressing to a Master of Science degree as a Systems Thinking Practitioner. My experience to date has been rewarding. I have been reassured by the level of support I have received from both my line manager and colleagues within the Business Transformation directorate in the RPA, alongside the support provided by the learning organisation. I am extremely satisfied by the experience; especially how transferable the learning has been to my role in the workplace. My advice to anyone considering an apprenticeship would be to embrace the opportunity."

Vicky Milbourn, RPA colleague said:

"I started my Level 3 Operational Delivery Profession apprenticeship in September 2022, after hearing positive experiences from colleagues which motivated me to explore the opportunity for myself. I wanted to develop my understanding of what the Civil Service was and how I could continually improve the service which we provide within the RPA. Since starting the apprenticeship, I have gained more confidence in myself and my ability within my work. I successfully completed the apprenticeship in February 2024. I am happy that my hard work paid off and I achieved a Distinction, and I'm grateful that the RPA offered me this opportunity."

Ambitious About Autism Internship Programme

We proudly support inclusion and opportunities for all, so that everyone feels safe, supported and included at work. Kate Christiansen started a new team member role in BCMS through the Ambitious About Autism Internship Programme.

"I was struggling to find work that would accommodate my additional needs and I came across the internship for the Civil Service via the organisation Ambitious About Autism. It seemed like a good opportunity as it would give me experience in a workplace environment and the support I would need for any adjustments.

Since I had mentioned that I enjoy learning about animals, I was assigned to DEFRA, more specifically the RPA. I was set up with a line manager and he was very understanding from the beginning. I had regular meetings with my line manager to understand how I would contribute to the team.

I was paired up with a buddy and was shown the work I'd be doing. My learning was not rushed, and it was a very relaxed atmosphere. My buddy was very helpful and genuine, making sure I knew exactly what I was doing. He was willing to spend as much time as needed with me to understand the work. Everyone tried to ensure I was taught in a way that I would understand. The teamwork in the RPA is without fault, there is always someone there willing to help.

My internship with the RPA has been wonderful, the support is ever present. For an autistic person, the team I am with have always been understanding and patient, allowing me to work at my own pace and never feel rushed. I am always assured that if I don't understand something or having difficulty in certain aspects, that someone is there to either take over or take the time to go through it with me."

Beyond Boundaries

Beyond Boundaries is a Cross-Government talent programme designed to help participants develop the knowledge, skills and networks required to build a fulfilling and effective career in the Civil Service. In the past year nine RPA colleagues successfully completed the programme.

Debbie Burke, one of the learners said:

"Beyond Boundaries wasn't just about individual development for me; it helped me realise the power of stepping outside of my comfort zone and allowed me to see limitless possibilities for continuous learning and growth, both personally and professionally. I will take the skills I have learned and use them in all areas of my life!"

This year we have welcomed another 12 colleagues onto the programme. They are currently working through their journey and are due to complete it later this year.

Catapult

This year the fourth cohort of the Cross-Government mentoring/sponsorship programme launched. The Cross-Government Catapult sponsorship programme aims to support colleagues from less privileged backgrounds to realise their full potential, to help build confidence and aspiration, develop networks and aid progression. The programme matches mentees (Grade AA-SEO) from lower socio-economic backgrounds, with a senior leader (Grade 7/6/SCS) mentor who also acts as a sponsor, offering support, guidance, advice, and direction.

This year the RPA has taken full advantage of the opportunity, and many of our colleagues have applied to be both mentors and mentees.

Dan Dodd, RPA colleague said:

"I have been a Catapult mentor for the last three years and it has been personally rewarding to help and encourage mentees with a differing perspective to their place of work. You also benefit from seeing how other departments operate, the challenges and similarities to your own areas of work and identity generic skills and knowledge to support your own career aspirations."

Getting In, On and Ahead Groups

Our Getting In, On and Ahead Groups have continued to develop initiatives to improve all stages of the employee experience. We have worked on our attraction strategy, looking across government and industry to help us improve our job adverts to attract a broader range of candidates in all our professions. We have continued to run drop-in Q&A sessions around specific recruitment campaigns which have supported our major campaigns this year. Internally, we have enhanced our process for covering shorter term gaps via a robust Expression of Interest process along with defining criteria to support internal development.

Collaborative Working

We have worked closely with the Department for Work and Pensions (DWP) in Job Centre Plus sites to attract candidates to work at the RPA. We attended job fairs and worked with local outreach coordinators to reach a wide range of candidates. This was particularly successful in the Summer of 2023, when we recruited 150 Short Term Appointment (STA) Admin Officers (AO's) who had previously been looking for work through the DWP.

We also worked with the DWP redeployment team, helping to reduce redundancies across the Civil Service by offering positions in the RPA. We've also helped people in Crewe and Exeter to continue their Civil Service careers.

Nina Naseer, an Admin Officer in the Shows and Events Team said:

"The STA opportunity has given me a skills boost, improved my admin and operational skills, and allowed me to work with a variety of stakeholders.

I've met other STAs, built great connections, and collaborated across agencies. The campaign's success has opened many doors and made successful colleagues.

Our agency has grown through teamwork and strengthened the Civil Service. The STA has been a game changer for my professional growth and our organisation's success. The dynamic working culture, especially with the current project of reimagining the RPA, allows everyone to take ownership and improve RPA. I hope campaigns like this benefit many future colleagues."

Sustainability and Net Zero – Embedding sustainability in everything we do

Our 5 year strategy contains both internal and external Net zero commitments which feed into both the Defra group and Greening Government Commitments. From the schemes we administer to the offices we work in, from our travel to our procurement, from our governance to our behaviours, all of these have sustainability ambitions at the heart of them.

As an accredited paying agency, we administer more than 40 schemes, paying out over £2 billion annually to support the rural economy. More and more, this money is being paid to support farming in a way that benefits the environment and mitigates the impacts of climate change. Our offices are provided by Defra group Property, our IT services are provided by DDTS, and we use Defra group Commercial to procure services and items. All of these corporate services functions have sustainability focused policies and processes in place.

We recently successfully trialled the Greener Stationery Items catalogue on behalf of the Defra group and have now implemented use of this as business as usual. We are decarbonising our travel by providing non-contributory electric vehicles for our travelling officers and encouraging use of rail travel wherever possible for travel on official business. Sustainability plays a key part in our governance and all papers to our Executive Team require the sustainability impacts to be documented.

Acting sustainably is also referenced in our performance standards and we are building on this by actively encouraging our people to think about their behaviours and make changes to their actions. All our Directors sponsor a sustainability related theme and work with staff networks to help us make progress and increase awareness in these areas.

Performance overview

The agency's performance overview seeks to demonstrate the agency's purpose, its objectives, the outcomes it is aiming to achieve, and its performance against delivering these outcomes.

Agency Directorates and Corporate Services

Each of our Executive Team Directors lead on a work area within the agency. We call these work areas 'directorates'. You can find each directorate listed below:

- Business Transformation
- Customer
- Data, Insight and Outcomes
- Food Chain
- Grants Functional Standards
- Operations
- Land Service Owner
- Planning and Capability
- Strategy

The agency's Corporate Services comprise of Communications, Human Resources, Finance, Commercial and Digital, Data and Technology Services (DDTS), all of which are centralised within Defra group.

Defra Outcome Delivery Plan

The last Defra Outcome Delivery Plan (ODP), previously called Single Departmental Plans, was published in July 2021. This plan sets out the priority outcomes the department aims to achieve, and how success is measured in meeting these outcomes. RPA contribute to this ODP via the departments Sponsorship team. There is a requirement to provide quarterly performance updates to HM Treasury, at Outcome level, and RPA's performance contributes to this. The agency's performance in meeting department outcomes is monitored and recorded by the Sponsorship team, and feeds into the department's overall performance.

Purpose and Objectives

The Rural Payments Agency (RPA or the agency) was created in 2001 as an Executive Agency of the Department for Environment, Food and Rural Affairs (Defra or the core department). We play an important role in delivering the department's food and farming agenda by empowering agricultural and rural communities to create a better place to live.

Our 5 year Strategy sets out our commitment to deliver Agricultural Transition, meeting both customer expectations and policy needs and delivering environmental outcomes through a quality service.

RPA has responsibility for making direct aid and rural development payments of over £2 billion annually to farmers and rural businesses in England. Our main responsibilities include:

- Operational delivery of Environmental Land Management including the Sustainable Farming Incentive, the evolution of Countryside Stewardship and new grant offers to help make agriculture more competitive and combat climate change.
- Support for farmers' incomes as the former Common Agricultural Policy Schemes such as the Basic Payment Scheme run down.
- Livestock identification and traceability through the British Cattle Movement Service (BCMS).
- An assurance programme which focuses on maintaining the highest standards of animal health and welfare, food quality and environmental outcomes.
- The provision and integrity of English land data.
- A Customer Contact Centre providing a range of services on behalf of the Defra group.

Defra group strategy

During 2020 to 2021, Cabinet Office and HM Treasury reformed the business planning and performance framework across all government departments. There is now a renewed focus on the importance of delivering and measuring real-world impacts within the departmental planning process.

The Defra group Outcome Delivery Plan sets out the critical real-world outcomes we seek to achieve as a group and how we will measure them. It is structured around our four priority outcomes for environmental improvement, net zero emissions, floods and resilience, and agriculture, food, fisheries, animal welfare and biosecurity, and a set of strategic enablers that aim to strengthen our capacity and capability.

In November 2023, Defra announced a digital and data transformation strategy for 2023-2030. This strategy outlined six missions that covered how the Defra group will design services, leverage technology, use data, attract, and grow digital skills, and how to change to deliver outcomes.

RPA's vision, purpose and ambition

Our vision is what we want to happen - as part of the Defra group we are here to seize opportunities to shape our future and help make our country a great place for living. Our purpose is to 'help agricultural and rural communities to create a better place to live'. Our schemes and products provide support, and our services are focused on helping economic growth in the food and farming industry. Our people work alongside partner organisations as part of Defra's Food, Farming and Biosecurity system to deliver for our customers and stakeholders. Our values clarify our identity and serve as a focal point for our people to ensure we enact our ambitions. Our values are to be - Visible, Engaging, Respectful, Inclusive, Trusting, Accountable and Supportive.

Going concern statement

The financial statements are prepared on a going concern basis. The agency plays an important role in delivering significant funds to the rural economy and enhancing environmental outcomes. The agency expects to continue to deliver agricultural support payments in line with Defra strategy and government commitments, including on-going delivery of multi-year projects and grant agreements. Hence the agency considers the going concern basis to be appropriate and consistent with the Financial Reporting Manual (FReM) 2023-24 continuation of service principle.

Impact and management of key risks

The agency's Executive Team regularly assesses risks faced by RPA. Key risks faced by the agency include the effective mitigation of fraud and error in scheme expenditure, ensuring the delivery of a quality service for our customers, and the delivery of the agency's key scheme targets. The agency is responding to the risk of fraud and error in scheme expenditure by initiating a range of continuing works that will provide a more thorough understanding of the fraud and error risks, what is causing those risks and what alternative interventions and controls can be applied to mitigate those risks. Further details of risks and their management are set out in the Governance Statement below.

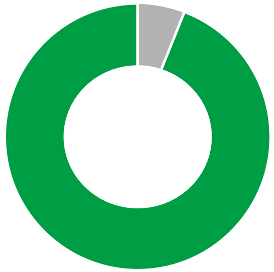
Key business performance indicators are regularly reviewed and updated from previous years.

Objective: Timely processing and payment of the Basic Payment Scheme

Key performance indicator

To issue as many BPS payments as promptly as possible from 1 December 2023

What RPA did



98.6%
of BPS claims were paid by 31 December 2023

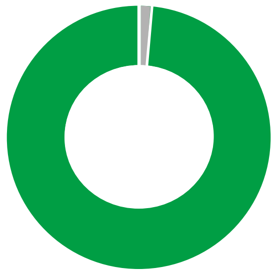
Objective: Maintain accurate records of cattle in Great Britain

Key performance indicators

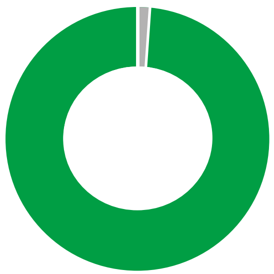
96%
of notified cattle births, deaths and movements recorded within five working days of receipt

96%
of cattle passports for valid applications and online issued within five working days

What RPA did



99.5%
of notified cattle births, deaths and movements have been recorded within five working days of receipt



99.7%
of cattle passports for valid applications and online were issued within five working days

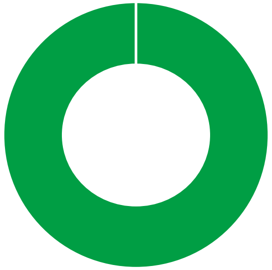
Objective: Timely processing and payment of Trader Schemes

Key performance indicators

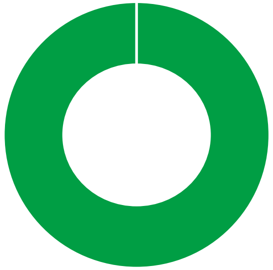
100%
of Fruit & Vegetables claims paid by 15 October the following year

100%
of valid School Milk claims paid within 90 calendar days

What RPA did



100%
of Fruit & Vegetables claims paid by 15 October 2023



100%
of valid School Milk claims paid within 90 calendar days

Objective: Timely processing and payment of Grant Service Programme Schemes

Key performance indicators

Create **8,100**

jobs by end of 2024 from 2014-2020 Grants Service Programme Schemes

95%

legacy claims processed within 30 calendar days

95%

of Farming Transformation Fund claims paid within 30 calendar days

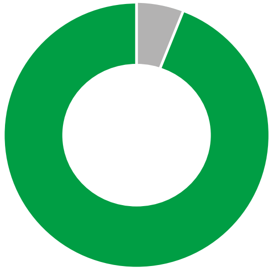
95%

of eligible Farming and Equipment Technology Fund Round 1 claims paid by 1 March 2024

What RPA did

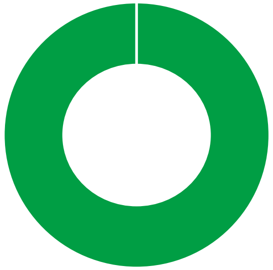
10,788

jobs had been created by 30 April 2024 (ongoing)



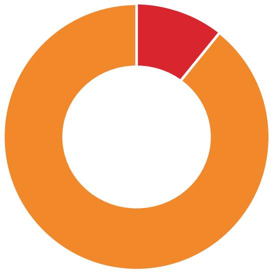
95.5%

of legacy claims were processed within 30 calendar days



99.4%

of Farming Transformation Fund claims were paid within 30 calendar days



91.1%

of eligible Farming and Equipment Technology Fund Round 1 claims paid by 1 March 2024

Performance analysis

Our ambition is to help create thriving businesses, economies and environments and ensure the sustainability of our rural communities. We understand the value of balancing the needs of farming, food, and the environment. We strive to continually improve our performance, through trusting and empowering our people to transform our services and always put our farmers at the centre of our focus. The governance statement elaborates on risks: risk overview, fraud risk and disallowance risk.

Basic Payment Scheme (BPS)

In the final year of the Basic Payment Scheme in its current form, performance has again continued at the same high level as previous years with 98.6% of BPS payments being made to farmers by 31 December 2023.

We were able to maintain this level because of continuous improvement, implementing lessons learnt and simplifying the administration of the scheme to gain efficiencies.

Following the successful launch of advanced payments last year, we paid BPS claims in two instalments, 82,162 BPS farmers received a 50% payment in August 2023, injecting £541 million into the rural economy. Then on 1 December 2023, the first day of the payment window, 80,616 farmers (97.3%) were paid a further £508 million. By 31 December 2023, we had paid in full 81,690 (98.6%) of farmers and this had increased to 82,239 (99.2%) being paid in full, by 31 March 2024.

In total, we released over £1.08 billion of BPS payments into the rural economy this year (2022-23: £1.37 billion). These figures reported for BPS payments are for actual paid claims in 2023-24 and will not reconcile exactly to those reported in Note 5 which also includes accruals.

BPS payments began being progressively phased out in England in 2021 and are being replaced with delinked payments in 2024. See Note 1.8 for further details. This reduction in payments, will continue until 2027 when the last of the payments will be made. Between 2021 to 2027, new Environmental Land Management Schemes (ELMS), which are more environmentally focussed, compared to a land based direct payment scheme like BPS are being rolled out. These schemes are designed to pay farmers and land managers to provide environmental goods and services alongside food production.

Percentage of BPS payments by scheme year	2023	2022	2021	2020
End of December	**98.6%**	98.3%	98.3%	97.8%
End of March	**99.2%**	99.3%	99.4%	99.1%

Countryside Stewardship (CS)

During this year, we made improvements and enhancements to encourage more farmers to participate in the Countryside Stewardship scheme. Alongside issuing a greater number of payments, we delivered changes that not only made it easier for farmers to apply, but also improved their customer experience.

We introduced a simplified journey for online applications. Also, a streamlined annual claim declaration, which meant that agreement holders do not have to complete a burdensome annual claim form and can instead declare online that they are fulfilling the obligations of their agreement. This has reduced the administrative burden on them, whilst also making the claim for payment process quicker and more straightforward.

As of January 2024, there were 40,262 live CS agreements in place, made up of 28,869 Revenue and 11,393 Capital agreement types. This included around 9,500 new agreements received in the 2023 scheme year and resulted in an increase in live agreements of approximately 3,000 since January 2023. Countryside Stewardship remains a key vehicle for delivering important outcomes for the climate, environment, and food production evidenced by the increasing scheme uptake since 2020.

Action	Scheme year	Performance by 31 March
CS Claims payments made as a percentage of eligible claims received	2018	38.3%
	2019	51.5%
	2020	95.3%
	2021	93.8%
	2022	95.2%
	2023	**90.1%**
CS Mid-Tier Agreements offered to Customer as a percentage of eligible applications	2019	98.2%
	2020	96.6%
	2021	97.5%
	2022	94.4%
	2023	99.5%
	2024	**99.4%**
CS Higher Tier Agreements offered to Customer as a percentage of eligible applications	2019	94.7%
	2020	95.0%
	2021	96.1%
	2022	88.2%
	2023	91.6%
	2024	**95.0%**

In 2023-24, we received over 30,600 eligible CS Claims, an increase of approximately 5,000 more claims to validate and pay than in 2022-23 and the work involved has almost doubled since 2020.

Although this year's CS Claim payment performance shows a decrease from 95.2% to 90.1%, this does not highlight the actual volume of claims paid by 31 March 2024, when we had issued 27,580 (90.1%) 2023 CS Revenue payments, equating to £323 million. This is an increase in volume compared to the 2022 scheme year, when we issued 23,185 (95.2%) as part of a lower total, demonstrating the agency's adaptability and resilience in responding to significant volume increases.

We achieved both our Mid-Tier and Higher Tier targets to offer 95% of agreements by 31 March 2024. By 31 March 2024, we had offered 7,622 (99.4%) Mid-Tier 2024 agreements and 1,152 (95.0%) Higher Tier 2024 to farmers which overall is an improvement on last year, where we offered collectively 8,174 (7,322 Mid-Tier and 852 Higher Tier).

Since 1 April 2023, we have paid 10,612 CS Capital Claims totalling approximately £137 million, just under 1,000 more claims and £17 million more paid compared to 2022-23. On average, claims were processed and paid within 30 working days from point of receipt. We have also seen an increase of nearly 1,500 claims submitted this year. From 1 April 2023, all CS scheme transactions under the RDPE programme are recognised and presented in the agency's Annual Report and Accounts. Prior to that date all CS RDPE programme expenditure and income was reported in Defra's Annual Report and Accounts.

The figures reported for CS expenditure above are for paid claims in 2023-24 and will not reconcile to CS expenditure reported in Note 5 which also includes net accruals posted in the year.

Environmental Stewardship (ES)

We have introduced new measures this year to improve the administration and efficiency of the scheme. Under rules agreed with the European Commission, previously we were only able to offer one-year extensions and on a rolling basis. From January 2023, under domestic regulations, we were able to give existing agreement holders greater certainty and clarity by offering them extensions up to five years.

The volume of extensions offered has increased year-on-year. 4,150 were offered in 2021 which increased to 5,756 in 2022 and to 6,882 in 2023.

However, for 2024 we have seen a significant decrease to less than 1,000 now that the scheme is coming closer to its closure.

Action	Scheme year	Performance by 31 March
ES Advance payment	2018	47.6%
ES Final payment	2019	86.3%
ES Final payment	2020	90.4%
ES Final payment	2021	84.8%
ES Final payment	2022	95.6%
ES Final payment	**2023**	**89.8%**

As of 31 March 2024, we made a total of 7,062 (89.8%) payments equating to £107 million (2022-23: 8,681, 95.6%, £126 million). From 1 April 2023, all ES scheme transactions are recognised and presented in the agency's Annual Report and Accounts. Prior to that date all ES expenditure and income was reported in Defra's Annual Report and Accounts.

The figures reported for ES expenditure above are for paid claims in 2023-24 and will not reconcile to ES expenditure reported in Note 5 which also includes net accruals and prepayments posted in the year.

Sustainable Farming Incentive

Sustainable Farming Incentive 2023 (SFI 23)

We are now into our third year of Sustainable Farming schemes and opened the 2023 scheme round in September 2023 following an Expression of Interest exercise, conducted to gain insight into the types of customers that would be interested in the revised improvements to the scheme.

As of 31 March 2024, we had over 17,400 applications submitted, approximately 16,160 (92.5%) of these have been offered agreements with nearly 14,000 accepted by customers.

By 31 December 2023, for the 2023 scheme round, we had made 2,181 early payments to a value of £7.93 million, with a further 1,892 customers receiving a quarterly payment in April 2024 to a value of £7.8 million.

Sustainable Farming Incentive 2022 (SFI 22)

In June 2023, it was announced that all SFI 2022 agreements would close and that customers would receive a number of payments, including their final quarterly payment, a prorated management payment and if due, an agreement closure payment. SFI 2022 was closed early to allow customers to take up the SFI 2023 scheme earlier, which offers more flexibility for customers and greater environmental benefits. Customers were not financially disadvantaged because of the closure of SFI 22, as they received either a SFI 22 scheme payment, or a special payment (see Parliamentary Accountability and Audit Report), for the SFI 22 scheme year.

As of 31 March 2024, there were around 3,280 SFI 2022 agreements due to progress through the SFI Closure process.

Prior to this, £15.8 million had been paid to customers for their involvement in the SFI 2022 scheme.

Sustainable Farming Incentive Pilot (SFI Pilot)

The SFI Pilot scheme continues to progress into Year 3 and money paid to customers for their involvement has reached £24.5 million (Year 1; £12.4 million Year 2; £11.7 million, Year 3; £0.4 million).

The figures reported for SFI 23, SFI 22 and SFI Pilot expenditure above are for paid claims in 2023-24 and will not reconcile to SFI expenditure reported in Note 5 which also includes net accruals and prepayments posted in the year.

Annual Health and Welfare Review

The Annual Health and Welfare Review continued following a successful opening to eligible farmers in February 2023. In May 2024, the offer was expanded to include endemic disease follow-up.

The review allows livestock farmers to get funding for a vet to visit their farm and as of 31 March 2024, we had received 5,890 applications, of which, 94.1% have an eligible agreement in place worth £2.6 million. Agreement holders have six months from the date of the agreement to submit their claim and 2,922 claims had been paid a total of £1.38 million.

Trader Operations

Trader Operations supports commercial businesses, the education sector, and horticultural Producer Organisations across the UK.

Some of the successes during the last year were:

- We issued over 39,000 import licences and various forms of export certification to help the movement of goods in and out of the UK. All licences were issued within five working days, exceeding the commitments set for the year of 98%.
- Over £40 million of financial support was provided to Fruit & Vegetables Producer Organisations (POs) across the UK, with all POs receiving their annual payments by the regulatory deadline of 15 October 2023. This figure refers to paid claims and will not reconcile to Fruit & Vegetables expenditure reported in Note 5 which includes net accruals posted in the year.
- £6.6 million was paid by the School Milk Subsidy Scheme this financial year, with 100% of all claims being paid within 90 calendar days. This helped over 14,500 schools across England, Scotland, and Wales to provide subsidised milk, yoghurt, and yoghurt products to their students. This figure refers to paid claims and will not reconcile to School Milk expenditure reported in Note 5 which includes net accruals posted in the year.
- We successfully concluded the Promotions scheme during the last year, an EU legacy scheme that we had delivered since the 1990s.

Grants service

Our focus is delivery of Farming and Countryside Programme (FCP) objectives. This includes the Farming Investment Fund (FIF) grants, under the Farming Equipment and Technology Fund (FETF) and the Farming Transformation Fund (FTF). We are also starting to deliver other non-FCP grants and completing the final delivery of our EU socio economic programmes.

The Farming Investment Fund (FIF) offers funding for equipment, technology, and infrastructure that improves farm productivity and benefits the environment. This fund provides grants to farmers, foresters, and growers, including contractors to these sectors, so they can invest in the things they need to improve productivity and enhance the natural environment.

FIF is made up of two schemes:

- **Farming Equipment and Technology Fund**

  This fund provides smaller grants to improve business performance.

- **Farming Transformation Fund**

  This fund provides grants towards large capital items to help businesses improve productivity, profitability, and environmental sustainability. There are five grants:

  Slurry Infrastructure is available to pig, beef, and dairy farmers whose farming systems produce slurry. It helps replace, build new or expand existing slurry stores to provide six months' storage.

  Adding Value is available for growers or producers to add value to eligible agricultural products after they have been harvested or reared.

Water Management is for capital items to improve farm productivity through more efficient use of water for irrigation, and to secure water supplies for crop irrigation by the construction of on-farm reservoirs.

Improving Farm Productivity is for capital items to improve farm and horticulture productivity using robotic or autonomous equipment and systems to aid crop and livestock production, and the installation of slurry acidification equipment.

Calf Housing for Health and Welfare (CHHW) is available to existing cattle farmers carrying out farming activity (including calf rearing, with 11 or more cattle) to build new, or upgrade existing, buildings to house calves to deliver health and welfare benefits.

By the end of March 2024, almost 14,000 Rural Development Programme for England (RDPE) projects had been awarded over £495 million in grant funding. These projects, together with the rural development programmes of the Other Paying Agencies (OPAs), represent in total a combined investment in the rural economy of over £1.12 billion. Just over £460 million in RDPE grant funding has now been paid to projects since the start of RDPE grant funding, and we are managing the completion of the few remaining projects.

From 1 April 2023, all RDPE grant transactions are reported within RPA's Annual Report and Accounts, and not in Defra's Annual Report and Accounts.

The FETF Fund provides grants towards the cost of equipment and technology to improve productivity, environment and animal health and welfare. FETF Round 1 has paid out 3,241 claims worth £34.3 million. In February 2023 we launched FETF 23 Productivity and Slurry. 3,030 projects were offered funding worth £29.5 million, 2,194 claims were received, and 2,141 claims have been paid worth £21.8 million. FETF 23 Animal Health and Welfare Pathway opened in March 2023. 2,334 claims were received, and we have paid 2,265 claims with a total value of £10.7 million. FETF 24 is now open to online applications. The closing date for Productivity and Slurry grant applications was 17 April 2024. The closing date for Animal Health and Welfare Pathway grant applications was 1 May 2024.

Round 1 of the FTF Water Management grant received 105 applications requesting £19.8 million in grants. To date 48 projects have been contracted worth £8.3 million. £2.7 million has been paid out in claims received. A second round of the FTF Water Management launched in April 2023. The online checker was open until July 2023. 191 applications were received worth £31.3 million, and 174 of these applications, were invited to submit a full application no later than 31 October 2024.

Round 1 of the FTF Improving Farm Productivity grant contracted with 86 projects worth £11.8 million and claims have been paid worth £7.7 million. Round 2 opened in January 2024 with 2,223 online applications received by the closing date of 21 March 2024.

Round 1 for the FTF Adding Value grant invited 781 projects to submit a full application. The deadline for these was 31 January 2024 and we received 154 applications. 57 projects have been contracted worth £8.8 million and claims paid worth £1.9 million. A second round is planned for later in 2024.

The FTF Calf Housing for Health and Welfare (CHHW) grant closed to online applications in November 2023. We invited 781 applicants (with project scheme value of £47.3 million) to the next stage of the CHHW process which is to submit the Ambient Environment Location and Design form. Completed applications needed to be returned by 30 April 2024. Following review of those submissions, invitations will be then sent to full application should they meet the scheme criteria.

Round 1 of the FTF Slurry Infrastructure grant closed to online applications in January 2023. 306 of the 1,292 applicants were invited to submit full applications by 28 June 2024. So far 16 full applications have been received, and 11 contracted worth £1.6 million. £262k has already been paid out. A second round of the Slurry Infrastructure scheme launched in October 2023 and closed to online applications in January 2024. 795 applications were received.

We continue to work closely with the core department to support RPA's ambition to be the preferred delivery body for grants, taking on new areas of work across wider Defra, responding to all requests for new schemes. Examples of this include the Fly-tipping Intervention Grant where we have been involved in the last two rounds of funding (Round 1 was delivered by Water and Resource Action Programme, Rounds 2 and 3 by RPA). Across all three rounds this scheme has paid out £2.22 million to 58 projects to local authorities in support of tackling fly-tipping as part of their Environmental Quality objectives. In December 2023, we also launched the Smaller Abattoir Fund. The application window remains open for nine months and eligible abattoirs will be able to submit up to three applications up to the maximum funding level of £60,000. So far eight applications have been received worth £214k.

On 9 April 2024, we activated the Farming Recovery Fund to support farmers affected by flooding caused by Storm Henk between 2 and 12 January 2024. This forms part of the wider introduction of the Flood Recovery Framework. We also launched the Water Restoration Fund on 9 April 2024 offering grant funding to enable local groups, farmers and landowners improve the water environment.

Cattle records

We maintain an online database to report cattle births, deaths and movements of all bovine animals in England and Wales.

Tracing animals helps to control and eradicate bovine diseases such as bovine tuberculosis, bovine viral diarrhoea and foot and mouth disease. It protects consumers by making sure that products in the human food chain are safe.

Our British Cattle Movement Service (BCMS) achieved all key performance indicators with 99.5% of cattle births, deaths and movements completed within agreed deadlines.

The amount of non-electronic transactions has reduced to 458,000 (2022-23: 516,000), demonstrating that our policy of promoting online reporting as the preferred route, is working.

Our people working in BCMS continue to provide subject matter expertise for the replacement livestock systems for England and Wales. This includes planning for the managed disaggregation of the current service and transition to the new successor service. The replacement for the Cattle Ear Tag Allocation Systems (CETAS) was rolled out in February 2023. With RPA now administering the new ear tag allocation service, Livestock Unique Identification Service, (LUIS) for cattle, sheep and goats on behalf of Defra with Livestock Information Ltd acting as a supplier of the IT system under a three-way memorandum of understanding.

Regulatory & Advice service

In line with RPA's changing approach to visits becoming more partnership-based, working together with farmers to achieve beneficial environmental outcomes, our programme of visits is designed to meet our obligations for using HM Treasury money and delivering our specific role as a regulator, ensuring payments made by the agency are accurate, and additionally help safeguard the environment, the public, crop health, animal welfare and livestock and food traceability.

Site visits continue, for control purposes, to protect public funds, and the visits continue to evolve to be more supportive, including for example better signposting to information and guidance. This approach helps farmers 'get it right' to achieve the environmental outcomes of schemes and will help farmers and land managers deliver public benefit for public goods.

The agency has increased its remote sensing capability (use of satellite data and aerial photography) to reduce the burden of visits on the farmers. Increasing our technological and analytical monitoring capability, for example through the increased use of directed advice and guidance activity using satellite data, has allowed us to proactively support farmers before issues arise.

Where issues are found, we will support farmers to fix what has gone wrong, wherever possible. For example, we have been using data to target where advice and guidance can be used to ensure SFI agreements remain compliant or can be 'nudged' back into compliance, using a more supportive and collaborative approach in cases where there is no intent to cause harm.

In 2023-24, RPA was responsible for carrying out over 6,625 visits, across a wide range of food and farming grant, support schemes, and our regulatory function areas. In addition, a further 1,345 remote visits were carried out digitally.

We completed 1,143 cattle identification and 1,986 sheep and goat inspection visits within the regulatory deadlines.

Additionally, we continued to deliver our regulatory responsibilities to the red meat sector. During 2023-24, we carried out 369 Beef Carcass Compliance (including Video Imaging Analysis) visits and 121 visits to beef plants, as well as 114 Pig Carcass Grading visits, 171 Beef and Pigmeat Deadweight Price Reporting, 628 Beef Labelling Scheme inspections and 66 Small Scale Operations visits this year.

Working with officers from Scottish Government Rural Payments and Inspections Division, and the Department of Agriculture, Environment and Rural Affairs Northern Ireland, we have also completed approval trials on digital upgrades to Video Imaging Analysis technology used predominantly in England.

Geospatial services

To assist with the delivery of the land-based schemes, RPA is responsible for the collation and maintenance of the Rural Land Register for England. This captures land information such as boundaries and land covers for example arable and grassland for areas that are registered to receive funding from the land-based schemes. This geospatial information is accessible to farmers and land managers for their own land.

In order to maintain up-to-date land data RPA makes changes to land requested by customers alongside proactive changes and changes identified by our field officers.

Following customer insight, we have delivered an online rural land change service to streamline requesting changes, so far since launch we have received over 5,700 submissions which has resulted in approximately 14,400 published parcels.

We maintain the accuracy of approximately 2.7 million land parcels covering around 9.75 million hectares which equates to 75% of land in England

We have completed 88,295 (2022-23: 131,099) digitisation transactions representing 133,580 published parcels (2022-23: 105,025). The completion of these jobs supported the BPS, CS, ES and SFI payment targets.

Our proactive land change detection work focuses on reviewing land parcels that have had no assessment in the last three years. We assessed around 795,000 (2022-23: 920,000) parcels this year to maintain the accuracy of the Rural Land Register. This activity is completed using the latest intelligence from aerial photography, satellite imagery and other geospatial datasets.

We maintain the accuracy of approximately 2.7 million land parcels covering around 9.75 million hectares which equates to 75% of land in England.

We have delivered remote monitoring products to support field visits, including for seasonal options measured outside of the growing period. We created a bare soil model using machine learning that enables us to provide temporal graphs to support compliance assessments.

Moving into 2024-25, there will be more development of remote monitoring products, for example to identify mowing events, and further mapping improvements to support our customer interface.

Customer Contact Centre

During the last year, we have renewed our focus on providing excellent customer service. The Customer Excellence learning, and development programme continues to be rolled out across the agency. This is aimed at making sure that the customer is at the forefront of everything we do, from developing processes to responding effectively to customer requests.

We have worked with groups of our customers to evaluate and improve our services and communications. From this, we have developed and implemented new processes and customer contact tools to allow customers greater flexibility when contacting us or sending us claim or application information. Using this feedback, we aim to continually improve the overall customer experience when they need to contact us.

We responded to over 220,000 calls and to more than 189,000 items of correspondence during the year

We continue to develop new processes and enhance our customer contact technology to modernise our customer service, including an online County Parish Holding (CPH) number application process (needed to monitor cattle movements from farm to farm), and continuing to pilot a webchat function to allow live chats with our call centre operators on both the Pet Travel Scheme and Defra helplines. We will extend this offer to our other helplines once we have collated the results of the pilot and insight from our customers and people.

We responded to over 220,000 calls (2022-23: almost 250,000) and to more than 189,000 items of correspondence during the year (2022-23: 188,000).

The Defra and Pet Travel Scheme helplines received 25,476 calls (2022-23: 50,732), answering 24,254 calls (95.2%) during 2023-24 (2022-23: 49,370, 97.3%). We answered 74.8% against the service level agreement of 80% within one minute (2022-23: 84.3%).

The remaining helplines received 203,168 calls (2022-23: 206,583), answering 195,881 (96.4%) during 2023-24 (2022-23: 200,036, 96.8%). We answered 79.9% (2022-23: 85.8%) within the service level agreement of 80% against two minutes.

Transparency of data and access to information

During 2023-24, we responded to 406 requests for information, of which 95.8% were within the agreed deadlines. These cases involved requests for information under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, and the General Data Protection Regulations (GDPR)/Data Protection Act 2018.

We also responded to eight internal reviews and one Information Commissioner's Office complaint. An additional 95 routine business requests were managed by our Information Rights team.

In line with requirements all spend on government procurement cards, expenditure with all RPA suppliers greater than £25,000 per transaction and a complete procurement spend analysis is reported on the central government website. The procurements team experienced some down-time in January 2023, to accommodate a migration to a Defra group, Single Operating Platform (SOP) based finance system. This explains the lower payment statistic reported for within five days below for 2022-23.

Supplier payment statistics	2023-24	2022-23
Payment within five days	**96.0%**	73.4%

In 2023-24, the agency paid 99% of suppliers within one month.

Complaints

The number of complaints received over the last year has decreased again and continues to reflect the implementation of improvements to our processes and services, as well as our feedback mechanisms to the agency concerning lessons learnt to drive forward improvements.

Customer complaints related to the Countryside Stewardship schemes accounted for 50% of the total. The average number of days to resolve complaints was 26 days.

The successful development of our staff, leading to progression opportunities, as well as natural wastage, has resulted in a number of temporary staff changes and the associated mentoring and developing of scheme knowledge.

Complaints handled by RPA	2023-24	2022-23
Prior year complaints unresolved	**42**	28
New complaints received	**436**	545
Complaints resolved, withdrawn or cancelled	**432**	531
Complaints unresolved at 31 March	**46**	42

Customer complaints related to the Countryside Stewardship schemes accounted for 50% of the total

Appeals

In 2023-24, we received 61 appeals against decisions we had made.

The number of appeals received in year has decreased by 24.7% compared to 2022-23. We have resolved 71 (76%) appeals in 2023-24 with 59% of customer appeals being upheld or partially upheld.

The grounds of each appeal are considered by our Appeal and Policy Teams before being considered at an Independent Agricultural Appeals Panel (IAAP) The IAAP consider whether the agency has correctly followed the scheme rules, policies, and legislation in their implementation of the subsidy schemes. The IAAP make a recommendation to a Defra Minister, who makes the final decision on each appeal.

Independent Agricultural Appeals Panel appeals handled	2023-24	2022-23
Prior year appeals unresolved	**33**	50
Appeals received	**61**	81
of which: customer complaint upheld	**30**	30
customer complaint partially upheld	**12**	13
RPA decision upheld	**28**	52
appeals withdrawn	**1**	3
Appeals resolved	**71**	98
Appeals unresolved at 31 March	**23**	33

Human rights disclosure

We have an obligation to ensure that all our actions respect the human rights of those who work for RPA, and for whom we provide services. There has been no litigation against RPA alleging a breach of the Human Rights Act 1998 during 2023-24.

Anti-corruption and anti-bribery matters

We will not accept any level of fraud or corruption. All RPA employees must follow the relevant RPA conduct and propriety policy, the civil service code and all other relevant procedures and policies.

All cases of suspected fraud, bribery and corruption are thoroughly investigated and dealt with appropriately. RPA is committed to protecting public resources, revenue, property, information, and other assets from any attempt, either by members of the public, grant applicants, contractors, and sub-contractors or its own employees, to gain, by deceit, any financial or other benefits.

Our Fraud Risk Management Strategy is aligned to the Defra group Counter Fraud Strategy and anti-bribery and corruption policy. These apply to all RPA workers, whether permanent, part-time, fixed term or contingent workers.

Financial review

Preparation of the Annual Report and Accounts

The Statement of Accounts reports the financial results for the year from 1 April 2023 to 31 March 2024. It is prepared in accordance with Section 7(2) of the Government Resources and Accounts Act 2000, the Accounts Direction issued by HM Treasury and the Financial Reporting Manual (FReM) published by HM Treasury.

Auditor

The Annual Report and Accounts have been audited by the Comptroller and Auditor General who is appointed under the Government Resources and Accounts Act 2000. A notional cost of £320,000 (2022-23: £246,000) was incurred for the audit of the agency's Annual Report and Accounts and is now included within the Corporate overhead recharge (notional), see Note 3. The rise in exchequer audit fees since 2022-23 stems from the transfer of grant funding administered by the RPA from the EU to the exchequer post-EU exit, alongside broader industry factors such as inflation, auditing standard changes and a higher audit quality threshold expected from the Financial Reporting Council.

The Comptroller and Auditor General is also the auditor of the European Agricultural Funds, which have a financial year ending 15 October. This single charge from the Comptroller and Auditor General as the UK Certification Body covers the Comptroller and Auditor General's own work on co-ordination and the audit of the EAFRD for England, as well as on-charges of work performed by the Auditors General for Scotland, Wales, and Northern Ireland. The cash costs of the audit were £2.0 million in 2022-23, as

disclosed in Note 3. However, for 2023-24 these audits costs are in Defra's Annual Report and Accounts, see below.

Defra allocates running costs budgets for EAFRD audits to the UK Co-ordinating Body an independent body that uses the agency's finance system to record these costs. From 1 April 2023, UK Co-ordinating Body budgets transferred to Defra, hence for 2023-24 onwards all UK Co-ordinating Body costs, including audit costs, are reported in Defra's Annual Report and Accounts.

The auditor has not conducted any non-audit work for the agency.

Financial Performance Review

RPA normally considers its financial performance in two categories; running costs representing monies needed to provide the service required of the agency by Defra and scheme costs related to the funds the agency administers.

Gross running costs this year of £218.3 million are higher than the previous year (2022-23: £174.0 million).

Total staff costs have risen year-on-year by £9.4 million due in part to permanently employed staff receiving an average 5.75% pay increase effective from July 2023, and a one-off cost-of-living payment of £1,500. There has been an increase in permanent staff numbers, but this has been offset by a significant reduction in agency staff during the year, as the RPA moved away from relying on a temporary and expensive workforce. The agency's total full time equivalent staff (permanent, agency and contractors) for 2023-24 was 2,629, down from 2,669 in 2022-23. This was largely due to the drop in temporary agency staff which fell significantly from 117 to just 10 (2022-23: 127) exceeding the rise in permanent staff to 2,614 (2022-23: 2,539).

RPA's agency cost has fallen £4.0 million in the year, to £0.4 million (2022-23: £4.4 million), as a result of the drop in the number of agency staff employed, referred to above. There were no agency staff employed at 31 March 2024.

Other running costs have risen year-on-year by £34.9 million, due almost entirely to an increase in Corporate overhead recharge (notional) of £33.7 million. During the year the agency incurred £31.8 million of project costs relating to the Farming and Countryside Programme. These costs are recorded within Information Technology, see Note 3.

Net running costs were £215.7 million (2022-23: £171.6 million) after allowing for income. Running cost income remain at £2.5 million in 2023-24 (2022-23: £2.5 million), this consisted almost entirely of income for work on the British Cattle Movement Service on behalf of Defra of £2.4 million (2022-23: £2.4 million).

Overall payments made under schemes administered by the agency in 2023-24 were £3.5 billion (2022-23: £1.8 billion). Some £3.5 billion of these payments were funded by the UK government (2022-23: £1.8 billion). Most of this expenditure was for Basic Payment Scheme 2023 claims of £1.1 billion (2022-23: £1.4 billion), and delinked payments of £1.6 billion, (2022-23: £nil).

The agency from 1 April 2023, reported in the accounts RDPE programme expenditure previously recognised in Defra's accounts. This explains a significant increase in domestically funded Countryside Stewardship expenditure of £0.6 billion (2022-23: £0.3 billion), and Environmental Stewardship expenditure of £109.4 million (2022-23: £nil). It also explains new domestically funded expenditure on Socio Economic grants of £4.2 million (2022-23: £nil) and Legacy Environmental grants £2.8 million (2022-23: £nil), see UK funded schemes Note 5.

Other large expenditure payments in 2023-24, include Farming Equipment and Technology Fund payments amounting to £34.2 million (2022-23: £32.7 million), Fruit & Vegetables payments of £36.7 million (2022-23: £40.5 million), Sustainable Farming Incentive totalling £33.0 million (2022-23: £12.5 million), Farming Transformation Fund payments of £11.5 million (2022-23: 1.8 million), and School Milk £5.9 million (2022-23: £5.7 million), see UK funded schemes Note 5.

During 2023-24, the agency also made further payments under the Lump Sum Exit scheme of £9.2 million (2022-23: £14.2 million), which is designed to allow farmers who do not wish to transition to future schemes to exit early by selling their entire land holding.

The agency received £21.3 million of scheme income in 2023-24 (2022-23: £11.3 million), including £3.1 million for Fruit & Vegetables (2022-23: £4.8 million) and £3.9 million for School Milk (2022-23: £3.1 million), see Note 5.

As mentioned above with effect from 1 April 2023, EU funded expenditure and income under the RDPE programme are recognised and presented in the agency's accounts. So, in 2023-24 the agency also reported EU funded Environmental Stewardship expenditure of £10.9 million (2022-23: £nil) and income of £11.4 million, (2022-23: £nil), see EU funded schemes Note 5.

Funding provided to Scotland, Wales and Northern Ireland fell in 2023-24 to £85.2 million (2022-23: £99.7 million), see Note 6, as the devolved administrations now fund their own Basic Payment Scheme directly.

The agency also received £84.7 million (2022-23: £99.6 million) to offset the Other Paying Agencies (OPAs) funding requirements. The overall net scheme expenditure for these devolved administrations is therefore a deficit of £0.4 million. The agency attempts to get back all its EU funded expenditure back from the EU, so the net position relation to EU funded devolved administration's activity will mostly be incurred because of costs incurred in managing currency receipts from the European Commission, see Note 6.

Financial position

Non-current assets of the agency have decreased by £7.7 million in the year to 31 March 2024. The full year's depreciation and amortisation was £13.1 million (2022-23: £11.9 million), and there were £1.3 million of asset disposals. Offsetting these were £3.1 million of capital additions (2022-23: £11.7 million), and intangible assets being revalued upwards in 2023-24 by £3.6 million (2022-23: £4.5 million).

Most of the additions in 2023-24 (£2.3 million) were intangible assets acquired from Defra (2022-23: £11.6 million), via a non-cash transfer through the General Fund.

Trade receivables have increased by £31.0 million compared to 31 March 2023. This is largely due to an increase in scheme prepayments which at 31 March 2024 were £38.4 million (2022-23: £8.4 million). The main prepayments are £25.1 million for Environmental Stewardship, and £8.9 million of Sustainable Farming Incentive 2023.

The cash and cash equivalent balance held at 31 March 2024 of £80.0 million, was in line with normal cash management arrangements whereby a balance is maintained to cover any urgent payment requirements or funding requests. The comparative balance at 31 March 2023 of £54.4 million, was lower due to a £40 million transfer back to Defra immediately prior to year-end. The agency now has a very limited operational requirement for euro and has repaid all advances received in respect of the UK paying agencies' rural development programmes. The agency maintains both sterling and euro accounts with the Government Banking Service (GBS) which includes securities received from traders with nothing held outside of GBS.

Trade payables due within one year have increased by £870.7 million compared to 31 March 2023. This is mainly due to £808.2 million delinked payment accruals being booked for the first time, see Note 5.

Total non-current liabilities have increased by £797.5 million compared to 31 March 2023. In 2023-24 the agency reported £797.3 million of Basic Payment delinked payments provisions (2022-23: £nil), see Note 12. The agency reports £493k of non-current vehicle lease liabilities, at 31 March 2024 (2022-23: £245k), see Note 16.2.

Financial risk

The agency is not exposed to any significant financial risks in administering UK funded scheme payments. In respect of residual EU funded scheme payments, the agency is exposed to two financial risks.

The first is a foreign exchange risk since scheme payments are made in sterling with reimbursements from the European Commission being received in euros. Consequently, any differential between the prevailing exchange rate when reimbursement is received, and the scheme exchange rates fixed by the European Commission, will result in an exchange gain or loss for the agency.

To mitigate this risk, the agency has entered into forward foreign exchange contracts for the EU funded UK Rural Development Programmes. As at 31 March 2024, these derivative contracts represent a net asset of approximately £0.6 million to the agency (2022-23: net liability of £4.8 million). This valuation is consistent with foreign exchange movements in 2023-24 and offsets the corresponding potential losses in the value of the Euros receivable from the European Commission.

The second risk relates to the potential that the European Commission may retrospectively choose not to reimburse the agency for payments made should there have been deemed to be any infringements in scheme regulations. Such disallowances represent a high risk to the agency due to the complexity and extent of scheme regulations. This risk remains until formal closure of the Rural Development programmes and the final settlement of claims to 31 December 2023. Where schemes have now become UK funded, the European Commission will continue to audit and assess EU funded expenditure in prior years. All retrospective disallowances applied by the European Commission, are managed by the agency, but are transferred to Defra via General Funds, and reported in Defra's Annual Report and Accounts.

While for UK funded schemes, disallowance risk is no longer a factor, the agency still actively manages the risks of non-compliance with scheme rules especially since in many cases these will reflect a loss to the taxpayer, and irregular spend within the meaning of Managing Public Money. The governance statement describes the agency's approach to risk in this area, and the Parliamentary Accountability and Audit Report, provides transparency on the extent of non-compliance in the period under review.

Sustainability report

Our commitment to Net zero

In 2019, the Government passed laws to commit to bringing all greenhouse gas emissions to Net zero by 2050. Meaning any emissions would be balanced by schemes to offset an equivalent amount of greenhouse gases from the atmosphere, such as planting trees or using technology like carbon capture and storage.

The agency is committed to reducing our carbon emissions and will work alongside policymakers to design processes with Net zero at their heart.

Our Net zero action plan is embedded in our 5 year strategy and supported by the Executive Team. The plan includes:

- Embedding Net zero in our criteria for all decision
- Promoting sustainable travel methods like cycling and walking and stopping all domestic business flights, except in cases of emergency
- Reviewing our supplier contracts to ensure they are supportive of our Net zero aims
- Increasing recycling in our offices
- Influencing the Defra Sustainability Strategy

The agency's sustainability journey is outlined in the Highlights of the year above. Our approach to sustainability is aligned to the Greening Government Commitments (GGCs). The Greening Government Commitments set out the actions UK government departments and their partner organisations will take to reduce their impacts on the environment in the period 2021 to 2025. This includes reducing greenhouse gas emissions, the amount of waste generated and water consumption. For 2023-24 reporting, 2017-18 is the baseline year against which performance has been measured.

Many of the areas covered by the GGCs are centrally managed by Defra, for example sustainable procurement and Information and Communication Technology (ICT) strategies. Defra Digital, Data and Technology Services (DDTS) have a Defra Group Sustainable Information Technology (IT) Strategy which is available on GOV.UK: Defra group sustainable information technology (IT) strategy.

The majority of GGCs are managed centrally by Defra including commitments for consumer single use plastics, finite resource consumption, nature recovery and biodiversity action planning. Defra also manages climate change adaptation, sustainable construction, rural proofing, air travel, and other natural resource consumptions. Consequently, all of these GGC's are reported in Defra's Annual Report and Accounts.

To minimise waste, many redundant ICT assets have been sold, or donated to Citizen's Advice and Computer Aid by Defra group. RPA supports Defra in delivering departmental sustainability aims which will be included in Defra's 2023-24 Annual Report and Accounts. All the farming schemes funded by the agency are designed where possible to improve environmental sustainability.

Key performance indicators

	Change against baseline
Mitigating climate change: working towards Net Zero by 2050	-39%
Water consumption	-50%
Percentage of waste recovered or reused	0.38%

RPA has achieved improved performance against the baseline year of 2017-18, with lower greenhouse gas emissions, lower water consumption, and a marginally lower percentage of waste recovered or reused. Following the global pandemic, we continue to maximise hybrid working, rationalise our estate, occupancy and business travel which have positively contributed to a significant reduction in emissions.

Greenhouse Gas Emissions		2023-24	2022-23	2021-22	2020-21	2017-18 baseline
Non-financial indicators (tonnes CO_2)	Scope 1 emissions (direct)	**385.70**	532.53	506.75	216.90	716.67
	Scope 2 emissions (indirect)	**367.24**	332.67	354.03	282.20	724.50
	Scope 3 emissions (direct travel)	**253.94**	393.48	300.60	24.00	220.30
	Total emissions	**1,006.88**	1,258.68	1,161.38	523.10	1,661.47
	Direct carbon from buildings	**291.39**	335.73	363.13	216.90	229.44
	Carbon from UK flights	**0.13**	0.69	0.03	-	5.06
	Carbon from international travel	**-**	1.50	n/a[1]	n/a[1]	n/a[1]
Related energy consumption (KWh)[4]	Electricity non-renewable	**-**	-	-	-	2,060,820[2]
	Electricity renewable	**1,806,707**	1,727,564	1,669,628	1,104,185	
	Gas	**1,591,226**	1,836,978	1,980,685	1,176,011	1,245,754
	Biomass	**-**	-	-	-	1,182
Financial indicators (£)[4]	Electricity - expenditure	**585,357**	294,301	422,910	n/a[1]	n/a[1]
	Gas - expenditure	**74,809**	138,802	97,797	n/a[1]	n/a[1]
	Expenditure in energy	**660,166**	433,103	520,707	202,374	240,052
	Carbon Reduction Commitment (CRC) licence expenditure	**Nil[3]**	Nil[3]	Nil[3]	Nil[3]	39,389
	Expenditure on official business travel	**1,247,411**	1,374,620	909,380	605,313	2,121,107

1. *Data not captured historically. Carbon from international travel is being reported from 2022-23.*
2. *Baseline 2017-18 electricity consumption was not classified as non-renewable or renewable.*
3. *There was no CRC licence fee in the baseline year of 2009-10, and from 2019-20 licences are reported in Defra's Annual Report and Accounts.*
4. *Oil consumption and expenditure is reported in Defra's Annual Report and Accounts.*

Waste Management		2023-24	2022-23	2021-22	2020-21	2017-18 baseline
Recovered or recycled (tonnes)	Reused or recycled	**41.01**	55.24	40.04	21.24	161.37
	ICT waste recycled, reused and recovered (externally)	**n/a[1]**	n/a[1]	n/a[1]	n/a[1]	n/a[1]
	Composted	**0.32**	0.36	0.25	1.80	6.09
	Incinerated with energy recovery	**18.16**	20.97	17.92	12.17	49.12
	Total recovered or reused	**59.49**	76.57	58.21	35.21	216.58
Not recovered or recycled (tonnes)	Incinerated without energy recovery	**0.18**	0.75	0.72	2.54	-
	Landfill	**2.86**	4.77	0.36	0.55	11.90
Total waste (tonnes)		**62.52**	82.09	59.29	38.30	228.48
% recovered or reused		**95.15**	93.30	98.18	91.93	94.79
Recovered or recycled (£)	Reused or recycled	**n/a[1]**	n/a[1]	n/a[1]	n/a[1]	n/a[1]
	ICT waste recycled, reused and recovered (externally)	**n/a[1]**	n/a[1]	n/a[1]	n/a[1]	n/a[1]
	Composted	**n/a[1]**	n/a[1]	n/a[1]	n/a[1]	n/a[1]
	Incinerated with energy recovery	**n/a[1]**	n/a[1]	n/a[1]	n/a[1]	n/a[1]
	Total recovered or reused	**n/a[1]**	n/a[1]	n/a[1]	n/a[1]	n/a[1]
Not recovered or recycled (£)	Incinerated without energy recovery	**n/a[1]**	n/a[1]	n/a[1]	n/a[1]	n/a[1]
	Landfill	**n/a[1]**	n/a[1]	n/a[1]	n/a[1]	n/a[1]
Total waste (£)		**n/a[1]**	n/a[1]	n/a[1]	n/a[1]	n/a[1]

1. *Total waste costs have not been captured historically. However, it is estimated that for 2023-24 the agency's share of Defra group waste costs approximated £40k, and chiefly comprised of costs for recycling, incineration, landfill, and hazardous waste disposal.*

Finite Resource Consumption	2023-24	2022-23	2021-22	2020-21	2017-18 baseline
Direct water consumption (m^3)[1]	**6,042**	7,896	3,507	8,758	11,983
Direct water supply costs (£)[2]	**51,401**	47,676	33,560	Nil[3]	47,408

1. *The agency's activities are predominantly office based, and water consumption reported is for the agency's direct water costs only and does not include indirect water consumption which is considered to not be materially relevant.*
2. *Water supply costs for 2020-21 were reported in Defra's Annual Report and Accounts. The agency's 2023-24, 2022-23 and 2021-22, water supply costs are included within Corporate overhead recharge (notional), within Estate management costs, see Note 3.*
3. *Data not captured historically.*

Other target areas		2023-24	2022-23	2021-22	2020-21	2017-18 baseline
Paper usage	Reams (A4 equivalent)	**908**	349	431	n/a[1]	5,954
	Percentage reduction from baseline	**84.7%**	94.1%	92.8%	n/a[1]	n/a[1]
Travel – car fleet	Percentage of ultra-low emission vehicles	**44.9%**	36.0%	23.8%	n/a[1]	n/a[1]
	Percentage of zero emission vehicles	**20.6%**	15.3%	10.5%	n/a[1]	n/a[1]

1. *Data not captured historically.*

Taskforce for Climate-related Financial Disclosures (TCFD)

Compliance statement

RPA has reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned application guidance which interprets and adapts the framework for the UK public sector. RPA is part of the Defra group, many of the TCFD disclosures will be led by Defra and will focus on:

- governance (all recommended disclosures)
- metrics and targets (disclosure (b)); see Sustainability Reporting above

This is in line with the TCFD-aligned disclosure implementation timetable for central government departments. RPA plans to make disclosures for Strategy, Risk Management and Metrics and Targets disclosures (a) and (c) in future reporting periods in line with the central government implementation timetable.

Governance

Defra's Executive committee (ExCo) is a sub-committee of the Defra board. It is the senior decision-making body for the core department. The ExCo sub-committee oversees performance and delivery at a group level, including by scrutinising principal risks and portfolio delivery risks. This is supported by the Executive Team of RPA. Further details of the strategic objectives for Defra group's operational climate related risk and opportunities can be found in Defra's Annual Report and Accounts. In addition, RPA made a number of Net zero commitments which became part of the agency's 5 year strategy.

RPA Directors are sponsors for specific Net zero related themes that are linked to the commitments set out in our 5 year strategy. Schemes are designed with policy makers with a Net zero ambition.

Defra group's central sustainability team undertook a baselining exercise to understand how climate change risk is managed across Defra group. This involved screening the climate related risks across Defra group, identifying the most material, and understanding how they were being managed through joint workshops and interviews. Many of the RPA's operations are supported by Defra group corporate services, these include property, commercial and digital services.

The Defra group property function is now undertaking a vulnerability assessment of the Defra estate to tackle the most material climate related risks due to be completed by 2025.

Defra's commercial and Digital Data and transformation function both contain risks on business continuity in relation to extreme weather and disruption events with accountable officers, these risks are managed accordingly by the respective risk owners. Currently business continuity risk guidance is offered centrally through Defra group's business continuity team.

Defra is the lead department in coordinating the National Adaptation Programme. This is based on the Climate Change Risk Assessment (CCRA) which Defra commissions and will be updated in 2026.

Paul Caldwell
Chief Executive and Accounting Officer
19 July 2024

Accountability report

This section provides the key accountability requirements to Parliament.

Corporate governance

Purpose

This section describes the governance, risk management and internal control arrangements for the agency and how our processes have evolved in response to a changing business environment and set of risks over 2023-24.

Director's report

Governance framework

Defra's Secretary of State has overall responsibility for RPA and is accountable to Parliament for all matters concerning the agency. Ministerial responsibility for the agency has been assigned to the Parliamentary Under-Secretary of State.

Tamara Finkelstein, Defra's Permanent Secretary, is the Principal Accounting Officer and 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.

The Chief Executive Officer (CEO), Paul Caldwell, is designated the agency's Accounting Officer by the Principal Accounting Officer. He 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, safeguards financial propriety, regularity and reputation and ensures business continuity. The CEO is line managed by the Defra Director General for Food, Biosecurity and Trade, Sally Randall.

Significant business interests

Details of company directorships and other significant interests held by directors of the agency, which may conflict with their management responsibilities, are disclosed in Note 19 of the financial statements.

As per the Civil Service Code, all colleagues are required to complete a business interest declaration to disclose where there is, or could perceived to be, a conflict of interest between their role as an RPA employee and any other business or private capacity interests that they are involved with.

The business appointment rules apply to serving civil servants who intend to take up an outside role after leaving the Civil Service and to former civil servants for up to two years after the last day of paid service. The policy and process is managed by Defra who publish details of appointments on a quarterly basis.

The Agency Management Board

Chaired by a Non-Executive Director, the Agency Management Board (AMB) is responsible for strategic oversight of the agency's performance, advising and challenging the CEO, and escalating issues to Defra and ministers as appropriate. It provides leadership in the delivery of statutory corporate and business responsibilities, ensures that risks are effectively identified and managed, encourages improvements in performance across the agency and ensures effective governance and control is in place for the agency.

Key business at AMB meetings in 2023-24 included:

- the progress made in managing existing payment schemes and the launch and management of new schemes and grants
- monitoring of the financial position of the agency
- recruitment, retention, and the strategic deployment of resource across the full complement of the agency's workload
- navigation of issues and challenges including changes in governmental structure

AMB members are recruited and paid following public appointments guidance set by the Cabinet Office.

The Audit and Risk Assurance Committee

Chaired by a Non-Executive Director, who is also a member of AMB, the Audit and Risk Assurance Committee (ARAC) is responsible for advising both AMB and the CEO (as Accounting Officer) on whether the agency's Annual Report and Accounts and internal control systems are fully compliant with current legislation, standards, and best practices. ARAC also reviews the agency's approach to risk, fraud, and whistleblowing. RPA's ARAC Chair is also a member of the Defra Audit and Risk Assurance Committee.

Key business at ARAC meetings in 2023-24 included:

- review of the agency's Annual Report and Accounts for compliance with current legislation and appropriate standards
- regular reviews of the agency's approach to risk and fraud risk management
- regular reviews of progress against the Government Internal Audit Agency (GIAA) annual audit plan and outcomes of audit work undertaken
- contributing to the development of an integrated risk and assurance approach

ARAC members are recruited and paid following public appointments guidance set by the Cabinet Office.

Membership and Attendance		AMB		ARAC	
Name	**Title**	**Attendee**	**Meetings attended**	**Attendee**	**Meetings attended**
Elizabeth Passey[1]	Chair of AMB, Non-Executive Director	Chair	6 of 6	-	-
Victoria Brookes	Deputy HR Director Business Partnering – APHA, RPA, VMD (until 4 February 2024)	Member	2 of 5	-	-
Paul Caldwell	Chief Executive Officer	Member	4 of 6	-	-
Peter Crewe	Assurance Director	Member	6 of 6	-	-
Marie Hardeman	Customer Director (from 4 April 2023), joined AMB on 17 January 2024	Member	1 of 2		
Sophia Haughton	HR Director Rural Payments Agency (AMB from 5 February 2024)	Member	1 of 1		
Janet Hughes	Defra Director, Farming and Countryside Programme	Member	5 of 6	-	-
Alison Johnson	Engagement and Operational Readiness Director	Member	2 of 4	-	-
Jessie Peramal	Finance Director and Departmental Group Functional Lead for Grants	Member	5 of 6	-	-
Paul Dillon-Robinson	Non-Executive Director and Chair of ARAC	Member	6 of 6	Chair/ Member	4 of 4
Tim Breitmeyer	Non-Executive Director	Member	6 of 6	-	-
Julia Grant	Non-Executive Member	-	-	Member	4 of 4
Mark Suthern	Non-Executive Director	Member	6 of 6	Member	4 of 4

1. Elizabeth Passey's tenure as Chair of AMB ended on the 30 June 2024.

The Executive Team

The RPA is headed by the CEO and a team of Executive Directors. These individuals form the Executive Team (ET) that sets the strategy and direction for the agency and has the overall authority to run the agency on a day-to-day basis. The Executive Team is committed to complying at all times with the Corporate Governance Code and its five principles of responsibility, accountability, awareness, impartiality and transparency.

Key business at ET meetings in 2023-24 included:

- day-to-day running of the agency including budget delegations and ensuring overall budget management
- setting of policy and direction for the agency according to the 5 year strategy and Defra's strategic objectives
- setting of risk appetite and managing strategic risk
- reviewing people management related issues for the agency including budgets, resourcing, and communication
- reviewing Defra group corporate services delivery on a quarterly basis

The agency's Executive Team remunerations are set by the Defra's Remuneration Committee, which follows the pay guidance and recommendations of the Cabinet Office Senior Salaries Review Body for all Senior Civil Servants (SCS). The pay award for agency staff below SCS is set by Defra who agree the pay awards for all the Defra group with the Cabinet Office.

ET membership throughout the year is listed below:

Name	Title	Start date of membership (if not in post at 1 April 2023)	End date of membership
Emma Appleby (ET Chair)	Chief Operating Officer	-	Present
Paul Caldwell	Chief Executive Officer	-	Present
Susan Bower	Customer Operations Director	-	31 December 2023
Victoria Brookes[1]	Deputy HR Director Business Partnering – APHA, RPA, VMD	-	4 February 2024
Peter Crewe[2]	Assurance Director	-	Present
Marie Hardeman	Customer Director	4 April 2023	Present
Sophia Haughton[1]	HR Director Rural Payments Agency	5 February 2024	Present

The Executive Team (Continued)

Name	Title	Start date of membership (if not in post at 1 April 2023)	End date of membership
Ronnie Haynes[2]	Director of Livestock and Trader Strategy and Operations	1 September 2023	Present
Charlotte Inman[2]	Interim Director for Data, Insight and Outcomes	26 February 2024	Present
Alison Johnson	Engagement and Operational Readiness Director	-	Present
Rozanne Kidd	Agricultural Transition Director	-	Present
Andy King	Regulation, Grants and Standards Director	-	20 November 2023
Jake McClure	Organisational Capability Director	-	28 April 2023
Gill Moger	Livestock Information Transformation Programme Director	-	Present
David Painter[1]	Defra Chief Information Officer Director	-	Present
Jane Parsley	Customer Operations Director	-	Present
Jessie Peramal[1]	Finance Director and Departmental Group Functional Lead for Grants	-	8 July 2024

1. *Victoria Brookes, Sophia Haughton, David Painter, and Jessie Peramal are employees of Defra group corporate services. Jessie Peramal left the Defra group corporate services on 8 July 2024.*
2. *Peter Crewe, Ronnie Haynes, and Charlotte Inman all took on parts of Andy King's responsibilities when he left the agency on 20 November 2023.*

Relationship with Defra

Defra's Executive Committee (ExCo) is responsible for overseeing the strategic direction and performance of the Defra group. Responsibilities for decisions which affect more than one organisation, or set a precedent for the future, ultimately lie with ExCo. ExCo is supported by several key subcommittees and subcommittee members which include CEOs of relevant delivery bodies and Defra directors. RPA is a delivery body which directly reports into the Food, Biosecurity and Trade DG Group.

RPA has provided wide ranging support and capability to various cross Defra programmes and strategic initiatives in support of Defra's 25 Year Plan including the Farming and Countryside Programme. We continue to demonstrate a shared commitment to the achievement of Defra's strategic ambitions and stand ready to evolve and build on our current involvement.

Security, information risk and fraud

This is the last year that RPA must meet the requirement under Commission Regulation 885/2006 for security and information risk compliance to security ISO/IEC 27001:2013. This has been audited annually by the British Standards Institution (BSI). Defra group security has continued to conduct compliance reviews of the RPA, suppliers and delegated bodies to ensure assurance of alignment to ISO/IEC 27002:2013. Under Commission Regulation 907/2014 there was a requirement to be certified to ISO/IEC 27001:2013 from 16 October 2016. ISO/IEC 27001:2013 Certification was first achieved for the agency in August 2015 with recertification in August 2018 and again in May 2021 with the audit recommendation that the agency is recertified for a further three years. This requirement for formal ISO27001 compliance will be replaced with assurance against the Government Security Standard GovS 007 from May 2024 in the light of requirements post Brexit and the move to GovAssure and the National Cyber Security Centre's (NCSC) Cyber Assessment Framework (CAF).

Throughout the past year work has continued to support compliance, with positive audits of Crewe, Exeter, Leeds, Nottingham, Reading, York and Worcester, offices by the BSI as part of the ongoing certification regime.

Defra group Security managed the annual 2023-24 Departmental Security Health Check submission which assessed compliance against the minimum baseline standards for physical and personnel security and incident management. This was a joint submission that covered the Defra group (including RPA). Assurance work will continue into next year to support ongoing compliance against the government functional standard GovS007: Security with RPA payments system to be put through the National Cyber Security Centre's (NCSC) Cyber Assessment Framework (CAF).

Mitigation work arising out of these activities will continue to be tracked through the regular RPA Security Risk Owner meetings and through the existing security governance framework.

Information handling

The RPA operates a multidisciplinary governance structure to ensure that personal data is processed to conform with the law and HM Government information management standards.

As agreed by the RPA CEO, the agency, guided by the Defra Protection Officer (DPO), continued the work of embedding the Information Commissioner Office (ICO) Accountability Framework into the agency's structure of controls and indeed used it to populate the Information Governance Model (IGM) cascaded through the network of information asset owners (IAOs). Throughout the embedding of the Accountability Framework, periodic briefing was provided to the RPA Security Risk Owner (SRO) and the Defra DPO, with an end of year report provided to the RPA CEO.

To support the agency's SRO and the IAOs, the collective efforts of the RPA Data Protection Assurance Manager, Defra Security, Business Continuity, Data Integrity and Governance and the Information Rights Team serve as a focal point for the IAOs to obtain guidance on the effective management of information risk within the defined risk tolerance. The IAOs are locally accountable for compliance and managing risk, but more complex issues would be referred to the Information Governance Business Unit Group and, as need be, escalated to the Finance and Assurance Senior Sponsorship Group.

When people join the RPA, the need for compliant information handling is highlighted in the induction process. This was reinforced during the annual Security and Data Protection on-line course provided by Civil Service Learning. The Security and Data Protection training, which includes a certificate of completion, is recommended for all agency colleagues so they are equipped to demonstrate their competence in personal data processing. The Data Protection Assurance Manager also provided role-based training for the IAOs.

Personal data incidents

During 2023-2024, a total of 186 personal data breach incidents were reported for investigation in relation to United Kingdom General Data Protection Regulation (UK GDPR) compliance. None were deemed to have fulfilled the criteria for reporting to the Information Commissioner's Office.

Fraud referrals

Fraud referrals are assessed by the RPA Fraud Referral team to consider whether a potential fraud has occurred. The agency takes appropriate recovery action on cases if the recommendation is made to recover funds. Most fraud referrals relate to external (beneficiary fraud). At 31 March 2024, and included in the table below, there were only three internal fraud referrals outstanding (2022-23: 3).

RPA fraud referrals	2023-24	2022-23
Number of new fraud referrals in year	**249**	190
Number of fraud referrals closed	**252**	164
Detected and prevented:		
Detected fraud value	**£314,398**	£464,053
Detected fraud number of cases	**21**	23
Detected fraud recovered value including from previous years referrals	**£239,212**	£277,319
Detected fraud recovered number of cases including from previous years referrals	**23**	16
Prevented fraud value	**£81,390**	£251,469
Prevented fraud number of cases	**7**	8
Number of fraud cases outstanding	**142**	145

The table above includes known, detected fraud referral cases only. The agency also acknowledges that some fraud will, by its nature, remain undetected. The agency therefore estimates the level undetected fraud and error with scheme expenditure. This is disclosed in the Parliamentary Accountability and Audit Report.

Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the RPA to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the RPA and of its expenditure and income, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed
- disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis

The Accounting Officer has taken all the steps necessary to familiarise himself with any relevant audit information and to establish that the agency's auditor is aware of that information. As far as he is aware, there is no relevant audit information of which the agency's auditor has no knowledge.

The Accounting Officer confirms that the Annual Report and Accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

The Permanent Secretary appointed Paul Caldwell, the agency Chief Executive Officer, as Accounting Officer of the RPA. The responsibilities of an Accounting Officer include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the RPA's assets, as set out in Managing Public Money published by HM Treasury.

Governance Statement

As Accounting Officer, I am responsible for maintaining a robust system of internal control that supports the achievement of the agency's policies, aims and objectives, while safeguarding public funds and agency assets. This is in accordance with the responsibilities assigned in the HM Treasury publication, Managing Public Money.

Governance framework

Defra's Executive Committee is chaired by the Permanent Secretary and comprises of the Defra Directors General, along with the Group Directors for Finance, HR and Communications and the Chief Executive Officer of the Environment Agency. The committee provides a strategic steer, makes decisions where appropriate on cross-network issues, reviews plans and progress on improving Defra's capacity and capability for the future, and oversees cross departmental initiatives to inform strategic decisions by ministers on their priorities and spending plans.

RPA's Agency Management Board (AMB) is responsible for ensuring that effective arrangements are in place to provide assurance on risk management, governance, and internal control. As part of this the AMB is required to set up an Audit and Risk Assurance Committee (ARAC) chaired by an independent Non-Executive member to provide independent advice and ensure that this committee provides assurance on risk. AMB is expected to assure itself of the effectiveness of the internal control and risk management systems.

The Audit and Risk Assurance Committee is responsible for advising both the AMB and CEO as Accounting Officer on all matters relating to strategic processes for risk and control, the governance statement, accounting policies, the Annual Report and Accounts, assurance of internal and external audits and anti-fraud policies. The ARAC Chair is also a member of Defra's Audit and Risk Assurance Committee. The RPA is headed by the CEO and a team of Executive Directors who collectively form the Executive Team that sets the direction for the agency and has the overall authority to run the agency on a day-to-day basis.

Internal Controls

The system of internal controls have been in place throughout 2023-24, and up to the date of approval of the RPA's 2023-24 Annual Report and Accounts.

Risk overview

The agency has continued a comprehensive assessment of risk across all areas and different levels of the business throughout the year. The risk assessment approach has a hierarchy whereby there are strategic, operational, and tactical levels of risk assessment within all areas. The assessment of risks where the agency has a dependency on third parties, such as Defra group corporate services providers, has also been a feature of that risk assessment.

At the strategic level RPA Executive directors are consulted regularly for views and highest priority concerns. The risk register covers a range of risks featured as an agency level concern and are part of the overall picture of strategic risk assessment for the duration of the financial year. In 2023-24, concerns included the ability to concurrently design and deliver new grant schemes whilst maintaining high quality service delivery of legacy schemes and being able to maintain capacity and capability within the agency workforce. This has tied into concerns around the ability to deliver in a constantly changing landscape, the lack of opportunity to influence change, and the speed at which the Agency is required to respond to change. These risks have been mitigated during the year and remain on the Agency level risk assessment and will be closely monitored.

In January 2024, RPA Executive team undertook a review of the current agency level risk assessment seeking views from Directors on top areas of concern. The output of this exercise led to an articulation of key challenges the agency faces which have been categorised into four areas.

- Resilience to change
- Capacity and capability
- IT reliability
- Customer Service

RPA recognise several risks which require the agency and delivery partners to provide joint oversight and mitigation. This includes risks describing the need to effectively mitigate fraud and error in scheme expenditure, the provision of IT services to RPA, ensuring Defra group corporate services delivery meets RPA's needs and ensuring the delivery implications of wider policy decisions are fully understood and impacted.

Areas that are more primarily focussed on RPA's ability to mitigate have included the effectiveness of workforce planning to build appropriate capability and capacity, ensuring the delivery of a quality service for our customers and the delivery of the agency's key scheme targets.

The longer-term risk of achieving Net zero commitments has been a feature of the agency level risk assessment.

In February 2022, Russia invaded Ukraine, giving rise to potentially increased risk for government departments. The agency assessed and continues to monitor our position against the risk of making scheme payments to sanctioned individuals.

The agency has no business critical modelling risks, as the agency does not use business critical modelling to drive its financial and funding decisions.

Fraud risk management

The management of fraud risk has been a significant area of focus for the RPA in 2023-24. The focus has been primarily pointed at the effective management of fraud and error within scheme expenditure.

A range of external drivers including the widespread focus across government departments on fraud and error in grant expenditure, and increased engagement with the Public Sector Fraud Authority (PSFA) has provided opportunities for the agency to evaluate its progress in the extent to which fraud risk management is becoming embedded into the business-as-usual processes of the agency.

A consistent approach to fraud risk identification and assessment provides the agency with an informed view of the fraud and risk landscape, enabling it to determine which of its schemes present highest risk of fraud and error, providing mitigation and assurance to the accounting officer when considering newly developed schemes. The agency has recognised the risk associated with ineffective fraud and error risk management across scheme expenditure and the consequences of not being able to demonstrate that grant funding has been effectively utilised to deliver intended objectives, that value for money in the administration of those schemes is achieved and the possible consequence of qualified annuals reports and accounts.

The agency has responded, initiating a range of continuing works that will provide a more thorough understanding of the fraud and error risks, what is causing those risk and what alternative interventions and controls can be applied to mitigate those risks. Whilst the risk remains, there is a positive direction of travel that will allow an increased demonstration of control in future years.

Disallowance risk management

No new EU audits were started in 2023-24. Most audits started in prior years have now been closed but there is still some audit activity pending decisions from the EU. Given this residual risk and despite payments now being entirely domestically funded, the agency has therefore continued with its strategy for managing the disallowance risk.

Disallowance risks have been regularly reviewed with updated forecasts, advice and progress reports provided to the core department and the risk managed through agency governance groups. Quarterly reports on the risk and expected level of disallowance are also presented to the ARAC to ensure visibility of the potential financial exposure and the impact of the agency's mitigation.

The agency has continued to work closely with the UK Co-ordinating Body, devolved administrations, and delivery partners (Environment Agency, Forestry Commission, and Natural England) to identify and mitigate potential causes of disallowance. We have made full use of the clearance process and held constructive discussions with the EU audit team, to secure significant reductions in the overall amount of disallowance. The resulting disallowance has fallen well below the original estimate and is comfortably within the Defra provision.

Whilst there are no new disallowance risks to report, the impact of existing EU audit findings and recommendations are considered in the development of existing controls and new schemes. The agency has established working groups to develop proportionate measures for improving control deficiencies, taking account of the risk of further irregular expenditure. These findings will also be incorporated into the agency's assurance strategy monitoring activities, which will improve future payment controls.

All disallowances and other EU financial penalties are managed by the agency, but are transferred to Defra via General Funds, and reported in Defra's Annual Report and Accounts.

Effectiveness of risk management

The Executive Team holds responsibility for the management of the most significant risks the agency faces. Each agency level risk identified is owned by one of the Executive Team. There is an overarching risk management process for escalation of risks. Operational risks have been managed on a tactical level to meet delivery objectives.

Quarterly strategic risk sessions are held with the Executive Team in order to review and agree the agency's overarching risk priorities. Risk assurance sessions are held at each ARAC meeting who in turn report on key risks to the Agency Management Board. External risk escalations to the core department are made through the Defra System Committees as required.

The Audit and Risk Assurance Committee have challenged and supported the ongoing development of risk management through the reporting that is presented to each ARAC meeting, primarily in terms of how we are able to provide assurance that agency level risks are being managed effectively. We have implemented an approach of risk deep-dives and are undertaking further work to enhance this approach.

Effectiveness of whistleblowing arrangements

The core department encourages employees to use the whistleblowing procedures to raise concerns about past, present or imminent conduct within the Defra group or conflicts with the Civil Service Code. The core department implemented the Civil Service Employee Policy in January 2013 across Defra and its executive agencies (including RPA) and updated the policy in December 2016.

There were no newly reported cases during the financial year 2023-24 being managed within the whistleblowing process. The RPA 2023 People Survey results indicate that most people in RPA are confident that if they raised a concern, it would be dealt with properly. In March 2024, the agency followed up the People Survey results, to gather insight into people's knowledge about the policy and confidence using it; this insight will be used to drive any identified improvements.

Internal Audit opinion

The RPA's Head of Internal Audit provides an annual opinion based on the internal audit work completed during the year and attendance at key governance forums, in line with the audit plan agreed with the Executive Team and with the RPA's Audit and Risk Assurance Committee (ARAC). All changes to the plan during the year were evaluated against RPA's key risks to ensure sufficient coverage was maintained to inform her opinion. Her Moderate opinion for 2023-24, reflects that whilst there are areas that could be improved, the RPA's frameworks for governance, risk management and control are largely operating effectively in delivering RPA's objectives and in administering the payment schemes for which it is responsible. This was despite a degree of uncertainty and change resulting from the re-imagining of RPA's vision and related governance framework.

Of the 19 reports delivered, five did not carry an assurance rating because they were either advisory or position statements for immature/transitionary areas of the business. Of the remaining 14, three had Limited assurance opinions. These related to:

- benefits realisation, where there is an appropriate framework in place but in practice there is still some reluctance to quantify measurable benefits, without a clear supporting rationale;
- data protection compliance (covering 5 of the 10 compliance themes), where compliance needs to be better evidenced and a fuller self-assessment needs to be completed; and
- corporate services intelligent client roles, where there are pockets of good practice but are inconsistent across functions and where greater consideration needs to be given to their role in managing risks that impact RPA but cross organisational boundaries into one or more Defra group corporate services function.

The dependencies on Defra group corporate services and the Farming and Countryside Programme continue to emerge as key factors in RPA's ability to stabilise and deliver its remit.

Compliance with governance codes

An informal review carried out against the NAO 'Corporate Governance in Central Government Departments: Code of Good Practice 2011 Compliance Checklist' indicated that RPA complies with the principles for an agency of our size, status, and legal framework.

Effectiveness of governance arrangements

Governance arrangements are effective and proportionate given the level of activity currently being undertaken by the agency. Defra's Executive Committee (ExCo) is supported by several subcommittees (with RPA being part of the Food, Biosecurity and Trade, and Environment systems) whose focus is on ensuring delivery of outcomes, joining up policy development and operations to ensure the core department is providing the best possible service to customers. RPA has representatives at both systems committees.

Framework document

RPA's framework document, setting out the broad framework within which the agency operates is on GOV.UK: [Rural Payments Agency framework document]

Effectiveness of board & committee performance

During 2023-24, Executive Directors held regular meetings with the Chair of the Agency Management Board to keep her informed about what was happening across the agency, and to discuss the effectiveness of the board. Both the Agency Management Board and the Audit and Risk Assurance Committee undertook effectiveness reviews in 2023-24. And have confirmed that the quality of the information and data they received in 2023-24, was sufficient to inform their decisions and opinions, and to enable them to operate effectively. The overall assessments of the reviews were that both the Agency Management Board and the Audit and Risk Assurance Committee were performing effectively.

Both the Agency Management Board and the Audit and Risk Assurance Committee plan to undertake board effectiveness reviews during 2024-25.

Managing significant challenges in 2022-23

Changing paths on schemes

SFI 22 when launched, had limited range and a relatively small number of customers that joined scheme, although we did take on larger numbers than required. It provided an excellent launch pad for 2023 and we were able to gather a great deal of insight which allowed us to develop a more flexible and versatile offering. On 21 June 2023, the agency closed applications to the SFI 22 scheme to allow early take up of the improved SFI 23 scheme.

Customers were not financially disadvantaged because of the closure of SFI 22, as they received either a SFI 22 scheme payment, or a special payment (see Parliamentary Accountability and Audit Report), for the SFI 22 scheme year.

As SFI moved into its 2023 iteration, the scope of the scheme expanded, and we saw higher levels of customer interest. What was particularly challenging was the evolving landscape around this led to significant additional requirements being added. For instance, we were asked to introduce a new payment type with two weeks' notice, which we achieved successfully, despite the limited timeframe.

The additional requirements also caused us to have to reset the approach for those who were already signed up to SFI, which brought with it a significant resource demand. Most significantly we were asked to move from a controlled rollout approach to open the scheme to all customers who were eligible, within three weeks. With the focus sharply moving to these key ministerial commitments, we were then asking our people to deliver relying heavily on their existing knowledge and experience. The guidance products and end to end process maps we would normally have in place to support them were not available, which was incredibly challenging.

Despite these challenges, we opened the scheme successfully, including the significant expansion to last year's SFI offer and have had 17,700 applications and 95% of which were turned into offers by April 2024. Alongside this customer satisfaction has increased and insight from Defra shows that most customers are either satisfied or more than satisfied with the process.

Among the challenges faced and the success we've seen in delivering SFI 23, is a concern for our people. The pressures and strains experienced during this turbulent time have been absorbed by RPA staff to provide the service our customers need. We have seen an increase in sickness absence driven primarily by mental health, despite the measures put in place to support our staff. This remains an area of key focus for the Agency moving forward and something we will continue to address.

Level of irregularity

The majority of agency's scheme expenditure is now domestically funded which has opened up further ways in which the agency can help our customers to avoid making errors and ensure there is an effective deterrent against fraud.

The agency requires an effective and appropriate approach to managing the potential for error in its scheme expenditure. Whilst the predominant risk is focused on customer and official error, the agency's approach covers both fraud and error. Agri-environment schemes are an effective way to achieve environmental outcomes, but because they are targeting specific outputs and measures in service of environmental improvement, they are complicated schemes. Consequently Agri-environmental schemes have a higher customer error rate compared to direct payment schemes which are simple land-based subsidy schemes. This means that as more of the agency's expenditure moves away from direct payments and into new schemes, the overall risk of irregularity in the total fund is likely to increase. In response to that risk, the agency's focus has been to take forward opportunities, from scheme design through to operational delivery, that may be used to reduce error prior to payment.

The approach to managing irregularity will allow the agency to measure the success of in-year controls designed to prevent error and will support future forecasting of irregularity rates and the development of new controls, taking into account the proportionality of control costs. The approach will use the analysis of the results that measure error within scheme expenditure, considering the root cause of errors to inform a cycle of continuous control-improvement, that will ultimately influence customer behaviour and deliver better outcomes.

The impact of the agency's approach to prevention of error will take time to be fully assessed and evidenced. The aim being to align the overall reduction in error with the change in the risk profile of the agency's future scheme expenditure.

Where overpayments are identified for any reason, the agency seeks recovery of debts in full to protect taxpayer money. Recovery methods employed include interception of future scheme payments, agreement of extended repayment terms, and ultimately legal action where warranted, appropriate and offering value for money to the taxpayer.

Remuneration and staff report

Purpose

The remuneration and staff report provides information on people in the agency and sets out the entity's remuneration policy for directors, reports on how that policy has been implemented and sets out the amounts awarded to directors. It also provides details on remuneration and staff that Parliament and others see as important to accountability, as set out in Chapter 6 of the Companies Act 2006 and SI 2013 No.1981 and amended by HM Treasury's Financial Reporting Manual.

Remuneration report

Although costs for the CEO and the members of ET are included in the RPA's Annual Report and Accounts, they are formally employed by Defra. The framework for remunerating the CEO and ET, as for all Senior Civil Servants (SCS), is set by the Prime Minister following independent advice from the Senior Salaries Review Body. The Cabinet Office advises Defra in March or April each year of the government's response to the Senior Salaries Review Body's recommendations and produces guidance for departments to follow. Defra develops its SCS pay strategy within this Cabinet Office framework, ensuring that the overall pay awards are within the cost ceiling allowed.

Consolidated pay and non-pensionable, performance related pay awards for members of ET are based on their performance assessed relative to all others in their peer group within Defra.

Consolidated awards generally differ depending on the level of performance and the relative position of each person in their pay range. Members of the SCS are eligible to be considered for individual levels of bonus as non-pensionable, non-consolidated variable pay (NCVP). NCVP is performance related and is paid in arrears in the financial year after that in which it was earned. During 2023-24, NCVP for 2022-23 performance bonuses was paid to approximately 25% of the SCS and was capped at £10,000. NCVP values, informed by each individual's appraisal grade were paid within Cabinet Office guidelines. The table of salary and non-cash benefits shown in this report includes NCVP paid to the CEO, ET and Non-Executive Directors. Departments also have discretion to make in-year non-consolidated award payments to recognise outstanding contribution for up to 40% of SCS staff. These are limited under Cabinet Office guidance to a maximum of £5,000.

Service contracts

The Constitutional Reform and Governance Act 2010 requires civil service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise. Further information about the Civil Service Commission can be found at www.civilservicecommission.org.uk.

The CEO and ET are permanent civil servants. The Executive Directors are required to give three months' notice under the terms of their contracts. Our Non-Executive Directors are appointed on fixed term contracts with a notice period of one month.

The employment of the CEO and members of ET may be terminated in accordance with normal civil service procedures. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Compensation for loss of office (audited)

No compensation amounts were paid to Executive Directors during the year. Compensation for leave not taken, where appropriate, is included within the salary figures in the remuneration table.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the agency and thus recorded in these accounts.

Benefits in kind (audited)

The monetary value of benefits in kind covers any benefits provided by the agency and treated by HM Revenue and Customs as a taxable emolument. In 2023-24, one director (2022-23: none) had a taxable benefit permitted by the Civil Service Management Code.

Bonuses (audited)

Bonuses are based on performance levels attained and are made as part of the appraisal process. The bonuses reported in 2023-24 relate to performance in 2022-23 and the comparative bonuses reported for 2022-23 relate to the performance in 2021-22. This is because the appraisal process does not allow sufficient time to accrue for individual bonuses relating to performance in the reporting year's financial statements.

Fair pay disclosure (audited)

Reporting bodies are required to disclose the percentage change from the previous financial year for both salary and performance pay in respect of the highest paid director and the average percentage change in respect of employees of the organisation taken as a whole.

The Non-Executive Directors are excluded from this disclosure as their work is part-time by nature and their inclusion would have a distorting impact on the calculation.

2023-24	Salary	Bonus[1]	Total
Annualised band of highest paid director remuneration (£000)	**115-120**	**5-10**	**120-125**
Mean employee remuneration	**£32,081**	**£1,497**	**£33,578**

2022-23	Salary	Bonus[1]	Total
Annualised band of highest paid director remuneration (£000)	110-115	5-10	115-120
Mean employee remuneration	£26,990	£214	£27,204

Percentage change from previous year	Salary	Bonus[1]	Total
Highest paid director (based on midpoint of band)	4%	0%	4%
Mean employee remuneration	19%	600%	23%

1. *In 2023-24, all employees received a one-off cost-of-living bonus for £1,500.*

Mean employee remuneration includes agency staff, contractors, and corporate services directors.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the financial year 2023-24 was £120,000-£125,000 (2022-23: £115,000-£120,000). This was 4.3 times (2022-23: 4.7) the median remuneration of the workforce, which was £28,591 (2022-23: £25,017).

In 2023-24, three contractors (2022-23: three) and no permanent employees (2022-23: nil) received remunerations more than the highest paid director.

Total remuneration as analysed below, includes salary, non-consolidated performance related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

	2023-24 25th percentile remuneration	2023-24 Median total remuneration	2023-24 75th percentile remuneration	2022-23 25th percentile remuneration	2022-23 Median total remuneration	2022-23 75th percentile remuneration
Highest paid director remuneration (mid-point of pay band)		**£122,500**			£117,500	
All employees (excluding highest paid director) Total pay and benefits	**£25,436**	**£28,591**	**£33,636**	£22,403	£25,017	£30,164
All employees (excluding highest paid director) Salary component only	**£23,811**	**£27,470**	**£32,136**	£22,150	£22,150	£26,853
Total pay ratio	**4.8**	**4.3**	**3.6**	5.2	4.7	3.9

The median remuneration, 25th percentile pay remuneration and the 75th percentile pay remuneration is based on annualised, full-time equivalent remuneration as at the end of the financial year.

The median pay ratio has marginally decreased from 2022-23. In addition, in line with the public sector pay remit guidance, on 1 July 2024 annual pay increased by an average of 5.75% for eligible staff, including an increase in the pay range for AOs and AAs. There was also a one-off fixed non-consolidated payment of £1,500 made to staff in recognition of cost-of-living pressures.

The reduction in pay ratio for the 75th percentile in 2023-24, compared to 2022-23, is because of recruitment of permanent employees to reduce interim staff levels. The reduction in pay ratio for the 25th percentile for 2023-24, compared to 2022-23, is because of recruitment focusing on more senior posts.

The banded total remuneration for employees in the agency ranged from £20,000-£25,000 to £120,000-£125,000 (2022-23: £20,000-£25,000 to £130,000-£135,000). These figures exclude the Non-Executive Directors.

Remuneration (including salary) and pension entitlements (audited)

The remuneration and the pension interests of the Non-Executive Directors and the Executive Directors of the agency are detailed in the following tables:

Name and title	2023-24 Salary (£000)	2023-24 Bonus payments (£000)	2023-24 Benefits in kind (to nearest £100)	2023-24 Pension benefits[1] (£000)	2023-24 Total (£000)	2022-23 Salary (£000)	2022-23 Bonus payments (£000)	2022-23 Benefits in kind (to nearest £100)	2022-23 Pension benefits[1] (£000)	2022-23 Total (£000)
Tim Breitmeyer Non-Executive Director	**5-10**	-	-	-	**5-10**	5-10	-	-	-	5-10
Paul Dillon-Robinson Non-Executive Director	**10-15**	-	-	-	**10-15**	10-15	-	-	-	10-15
Julia Grant[2] Non-Executive Member (from 1 October 2022)	**0-5**	-	-	-	**0-5**	0-5	-	-	-	0-5
Elizabeth Passey[3] Non-Executive Director	**5-10**	-	-	-	**5-10**	5-10	-	-	-	5-10
Mark Suthern Non-Executive Director	**5-10**	-	-	-	**5-10**	5-10	-	-	-	5-10

1. *The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights.*
2. *Julia Grant's whole year equivalent salary in 2022-23 was in the range £0 to £5,000.*
3. *Elizabeth Passey's tenure as Chair of AMB ended on the 30 June 2024.*

Remuneration (including salary) and pension entitlements (audited) – continued

2023-24

Name and title	Salary (£000)	Bonus payments[3] (£000)	Benefits in kind (to nearest £100)	Pension benefits[4,5] (£000)
Emma Appleby Chief Operating Officer	**100-105**	**5-10**	**-**	**Unavailable[4]**
Susan Bower[1] Customer Operations Director (until 31 December 2023)	**30-35**	**-**	**-**	**Unavailable[4]**
Paul Caldwell Chief Executive Officer	**115-120**	**5-10**	**-**	**Unavailable[4]**
Peter Crewe Assurance Director	**80-85**	**-**	**-**	**Unavailable[4]**
Marie Hardeman[1] Customer Director (from 4 April 2023)	**80-85**	**-**	**-**	**Unavailable[4]**
Ronnie Haynes[1] Director of Livestock and Trader Strategy and Operations (from 1 September 2023)	**45-50**	**0-5**	**-**	**Unavailable[4]**
Janet Hughes[2] Defra Director, Farming and Countryside Programme	**130-135**	**5-10**	**-**	**Unavailable[4]**
Charlotte Inman[1] Interim Director for Data, Insight and Outcomes (from 26 February 2024)	**5-10**	**-**	**-**	**Unavailable[4]**
Alison Johnson Engagement and Operational Readiness Director	**80-85**	**5-10**	**-**	**Unavailable[4]**
Rozanne Kidd Agricultural Transition Director	**80-85**	**0-5**	**-**	**Unavailable[4]**
Andy King[1] Regulation, Grants and Standards Director (until 20 November 2023)	**50-55**	**0-5**	**-**	**Unavailable[4]**
Jake McClure[1] Organisational Capability Director (until 28 April 2023)	**5-10**	**-**	**-**	**Unavailable[4]**

Remuneration (including salary) and pension entitlements (audited) continued

2023-24

Name and title	Salary (£000)	Bonus payments[3] (£000)	Benefits in kind (to nearest £100)	Pension benefits[4,5] (£000)
Gill Moger Livestock Information Transformation Programme Director	**70-75**	**0-5**	**-**	**Unavailable[4]**
Jane Parsley Customer Operations Director	**70-75**	**0-5**	**-**	**Unavailable[4]**
Jessie Peramal[2] Finance Director and Departmental Group Functional Lead for Grants	**95-100**	**5-10**	**-**	**Unavailable[4]**
Victoria Brookes[1,2] Deputy HR Director Business Partnering – APHA, RPA, VMD (until 4 February 2024)	**70-75**	**-**	**-**	**68**
Sophia Haughton[1,2] HR Director Rural Payments Agency (from 5 February 2024)	**10-15**	**-**	**2,300**	**2**
David Painter[2] Defra Chief Information Officer Director	**80-85**	**-**	**-**	**27**

1. *Susan Bower worked part-time; her full-time equivalent was 0.46. Her full year equivalent pay, if she was a full-time employee, would have been, in the range £75,000 to £80,000. Victoria Brookes whole year equivalent salary was in the range £80,000 to £85,000. Her salary is presented as her full salary, and not apportioned for any work she did for APHA or VMD. Marie Hardeman's whole year equivalent salary is in the range £80,000 to £85,000. Ronnie Haynes whole year equivalent salary is in the range £80,000 to £85,000. Sophia Haughton's whole year equivalent salary is in the range £75,000 to £80,000, she received a season ticket loan during the year for £2,340. Charlotte Inman's whole year equivalent salary is in the range £75,000 to £80,000. Andy King's whole year equivalent salary was in the range £75,000 to £80,000. Jake McClure's whole year equivalent salary was in the range £70,000 to £75,000.*
2. *Victoria Brookes, Sophia Haughton, Janet Hughes, David Painter, and Jessie Peramal are employees of Defra group corporate services and RPA Directors in 2023-24. Jessie Peramel left the Defra group corporate services on 8 July 2024.*
3. *Bonus payments to RPA's board members are approved at Defra group level by the Defra Remuneration Committee and paid where exceptional performance has been clearly demonstrated. The bonuses awarded are not part of any performance related contractual obligations but reflect what Defra group deem to be a reasonable payment for this exceptional performance. Consequently, the bonuses are not awarded based on any specific formula.*
4. *In line with guidance per the updated 2023-24 Financial Reporting Manual, accrued pension benefits for some directors are not included in this table for 2023-24 due to an exceptional delay in the calculation of these figures following the application of the public service pension remedy.*
5. *The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights. Since the real increase factors in an increased discount rate, depending on the nominal value of pension rights increases, the real increase - and therefore the declared value of associated benefits - may be a negative figure.*

Remuneration (including salary) and pension entitlements (audited) continued

					2022-23
Name and title[6]	Salary (£000)	Bonus payments[4] (£000)	Benefits in kind (to nearest £100)	Pension benefit[5] (£000)	Total (£000)
Emma Appleby Chief Operating Officer	95-100	5-10	-	38	140-145
Susan Bower[1] Customer Operations Director	35-40	-	-	(42)	(5)-(10)
Victoria Brookes[2,3] Deputy HR Director Business Partnering – APHA, RPA, VMD (from 1 February 2023)	10-15	-	-	(7)	5-10
Paul Caldwell Chief Executive Officer	110-115	5-10	-	11	125-130
Peter Crewe Assurance Director	70-75	-	-	(15)	55-60
Alison Johnson Engagement and Operational Readiness Director	70-75	5-10	-	(6)	75-80
Sandy Kapila Customer Director (until 31 March 2023)	70-75	0-5	-	56	125-130
Nadia Khan[2,3] Food, Farming and Biosecurity Deputy HR Director (until 16 December 2022)	50-55	5-10	-	22	80-85
Rozanne Kidd Agricultural Transition Director	70-75	0-5	-	13	85-90
Andy King Regulation, Grants and Standards Director	75-80	-	-	10	85-90
Jake McClure Organisational Capability Director	70-75	-	-	14	85-90

Remuneration (including salary) and pension entitlements (audited) continued

2022-23

Name and title[6]	Salary (£000)	Bonus payments[4] (£000)	Benefits in kind (to nearest £100)	Pension benefit[5] (£000)	Total (£000)
Gill Moger[3] Livestock Information Transformation Programme Director (from 24 October 2022)	30-35	0-5	-	24	55-60
David Painter[2] Defra Chief Information Officer Director	75-80	0-5	-	(23)	50-55
Jane Parsley[3] Customer Operations Director (from 1 August 2022)	45-50	0-5	-	43	90-95
Jessie Peramal[2] Finance Director and Departmental Group Functional Lead for Grants	90-95	5-10	-	37	135-140

1. *Susan Bower changed her surname during the year from Boyd. Her title changed during the year from Customer Operations, Complaints and Appeals Director. She works part-time, her full-time equivalent is 0.46. Her full year equivalent pay, if she was a full-time employee, would be in the range £75,000 to £80,000.*
2. *Victoria Brookes, Nadia Khan, David Painter, and Jessie Peramal were employees of Defra group corporate services and RPA Directors in 2022-23. David Painter's title changed from Digital, Data and Technology Services Director from 1 January 2023.*
3. *Victoria Brookes whole year equivalent salary was in the range £80,000 to £85,000. Her salary is presented as her full salary, and not apportioned for any work she does for APHA or VMD. Gill Moger's whole year equivalent salary was in the range £70,000 to £75,000. Jane Parsley's whole year equivalent salary was in the range £70,000 to £75,000. Nadia Khan's whole year equivalent salary was in the range £75,000 to £80,000.*
4. *Bonus payments to RPA's board members are approved at Defra group level by the Defra Remuneration Committee and paid where exceptional performance has been clearly demonstrated. The bonuses awarded are not part of any performance related contractual obligations but reflect what Defra group deem to be a reasonable payment for this exceptional performance. Consequently, the bonuses are not awarded based on any specific formula.*

5 *The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights. Since the real increase factors in an increased discount rate, depending on the nominal value of pension rights increases, the real increase - and therefore the declared value of associated benefits - may be a negative figure.*

6 *Janet Hughes is a Defra Director for Farming and Countryside Programme, and for 2022-23 was reported as a Defra representative on the agency's AMB, and therefore was not disclosed above.*

Pension benefits (audited) information

Non-Executive Directors are not entitled to a pension so are not included within the following table.

Name and title	Accrued pension at pension age as at 31 March 2024 and related lump sum[1] (£000)	Real increase in pension and related lump sum at pension age[1] (£000)	CETV at 31 March 2024[1,2] (£000)	CETV at 31 March 2023 (£000)	Real increase in CETV[1] (£000)	Employer contribution to partnership pension account (to nearest £100)
Emma Appleby Chief Operating Officer	**Unavailable[1]**	**Unavailable[1]**	**Unavailable[1]**	283	**Unavailable[1]**	**-**
Susan Bower Customer Operations Director (until 31 December 2023)	**Unavailable[1]**	**Unavailable[1]**	**Unavailable[1]**	940	**Unavailable[1]**	**-**
Paul Caldwell Chief Executive Officer	**Unavailable[1]**	**Unavailable[1]**	**Unavailable[1]**	1,258	**Unavailable[1]**	**-**
Peter Crewe Assurance Director	**Unavailable[1]**	**Unavailable[1]**	**Unavailable[1]**	875	**Unavailable[1]**	**-**
Marie Hardeman Customer Director (from 4 April 2023)	**Unavailable[1]**	**Unavailable[1]**	**Unavailable[1]**	-	**Unavailable[1]**	**-**
Ronnie Haynes Director of Livestock and Trader Strategy and Operations (from 1 September 2023)	**Unavailable[1]**	**Unavailable[1]**	**Unavailable[1]**	-	**Unavailable[1]**	**-**
Janet Hughes Defra Director, Farming and Countryside Programme	**Unavailable[1]**	**Unavailable[1]**	**Unavailable[1]**	-	**Unavailable[1]**	**-**
Charlotte Inman Interim Director for Data, Insight and Outcomes (from 26 February 2024)	**Unavailable[1]**	**Unavailable[1]**	**Unavailable[1]**	-	**Unavailable[1]**	**-**
Alison Johnson Engagement and Operational Readiness Director	**Unavailable[1]**	**Unavailable[1]**	**Unavailable[1]**	797	**Unavailable[1]**	**-**
Rozanne Kidd Agricultural Transition Director	**Unavailable[1]**	**Unavailable[1]**	**Unavailable[1]**	735	**Unavailable[1]**	**-**

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Name and title	Accrued pension at pension age as at 31 March 2024 and related lump sum[1] (£000)	Real increase in pension and related lump sum at pension age[1] (£000)	CETV at 31 March 2024[1,2] (£000)	CETV at 31 March 2023 (£000)	Real increase in CETV[1] (£000)	Employer contribution to partnership pension account (to nearest £100)
Andy King Regulation, Grants and Standards Director (until 20 November 2023)	**Unavailable[1]**	**Unavailable[1]**	**Unavailable[1]**	405	**Unavailable[1]**	**-**
Jake McClure Organisational Capability Director (until 28 April 2023)	**Unavailable[1]**	**Unavailable[1]**	**Unavailable[1]**	287	**Unavailable[1]**	**-**
Gill Moger Livestock Information Transformation Programme Director	**Unavailable[1]**	**Unavailable[1]**	**Unavailable[1]**	670	**Unavailable[1]**	**-**
Jane Parsley Customer Operations Director	**Unavailable[1]**	**Unavailable[1]**	**Unavailable[1]**	694	**Unavailable[1]**	**-**
Jessie Peramal Finance Director and Departmental Group Functional Lead for Grants	**Unavailable[1]**	**Unavailable[1]**	**Unavailable[1]**	120	**Unavailable[1]**	**-**
Victoria Brookes Deputy HR Director Business Partnering – APHA, RPA, VMD (until 4 February 2024)	**50-55**	**2.5-5**	**1,046**	913	**60**	**-**
Sophia Haughton HR Director Rural Payments Agency (from 5 February 2024)	**0-5**	**0-2.5**	**51**	49	**1**	**-**
David Painter Defra Chief Information Officer Director	**35-40 plus lump sum of 95-100**	**0-2.5 plus lump sum of 0-(2.5)**	**845**	757	**18**	**-**

1. *In line with guidance per the updated 2023-24 Financial Reporting Manual, accrued pension benefits for some directors are not included in this table for 2023-24 due to an exceptional delay in the calculation of these figures following the application of the public service pension remedy. The accrued pensions, where available above, at 31 March 2024 represents the annual pension that individuals would be entitled to at their normal retirement date in the event they left employment with the agency on 31 March 2024. Changes in the lump sum calculation can fluctuate depending on changes in the final salary figures at the start and end of the period, which can sometimes result in a reduction in value.*
2. *CETV figures, where included above, are calculated using the guidance on discount rates for calculating unfunded Public Service pension contribution rates that was extant at 31 March 2024. HM Treasury published updated guidance on 27 April 2023. This guidance has been used in the calculation of the 2023-24 CETV figures.*

Civil service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced; the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service, joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS had four sections, three providing benefits on a final salary basis (classic, premium, or classic plus) with a normal pension age of 60, and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS remained in the PCSPS after 1 April 2015 if they were within 10 years of their normal pension age on 1 April 2012. However, these members will transfer from their PCSPS legacy scheme on 1 April 2022 and will switch into alpha. Those who on 1 April 2012 were between 10 years and 13 years and 5 months from their normal pension switched into alpha sometime between 1 June 2015 and 1 February 2022.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as "rollback".

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or alpha benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

All members who switched to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. The pension figures quoted for officials show pension earned in PCSPS or alpha as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.

Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account). The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary).

Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service.

Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership.

The partnership pension account is a stakeholder pension arrangement. The employer made a basic contribution of between 8.00% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers, on 31 March 2023 that provider was Legal & General Mastertrust.

The employee did not have to contribute, but where they did make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contributed a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

From 1 April 2022, all agency employees choosing to be in a Civil Service pension scheme, are in the alpha pension scheme. And will earn at the end of each scheme year (31 March) a pension account credit equal to 2.32% of their pensionable earnings in that scheme year. This accrued pension is updated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate in 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures quoted for officials show pension earned in PCSPS or alpha as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.

Further details about the Civil Service pension scheme arrangements can be found on the Civil Service website www.civilservicepensionscheme.org.uk.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued because of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension scheme arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Staff report

Senior staff by pay-band

The table below provides the number of Senior Civil Servants or equivalent within the agency by pay-band, the table doesn't include the Directors that are Defra employees.

Senior Civil Servants by pay-band	As at 31 March 2024	As at 31 March 2023
Pay-band 3 £127,000 to £208,100	**-**	-
Pay-band 2 £97,000 to £162,500	**2**	2
Pay-band 1 £75,000 to £117,800[1]	**11**	10

1. *Susan Bower is included in the table at her full-time equivalent salary within pay-band 1.*

Staff composition

We are working to define the future workforce profile that aligns with new opportunities following the UK's exit from the European Union. We use a blended approach to resourcing utilising a mix of permanent, fixed term and temporary agency workers to balance resources and delivery against peaks and troughs in workload. We have worked to reduce reliance on large numbers of temporary agency workers in favour of permanent roles through recruitment campaigns to stabilise the workforce. Consequently, our dependency on temporary agency staff has fallen in the year as reflected in the table below.

For 2023-24, our average full time equivalent workforce was:

Workforce profile (audited) Average full time equivalent	Year to 31 March 2024	Year to 31 March 2023
Permanently employed staff	**2,614**	2,539
Agency	**10**	127
Contractors	**5**	3
Total	**2,629**	2,669

At 31 March 2024, we had an average full time equivalent workforce of 2,626 (2022-23: 2,648) as follows:

Workforce profile (audited) Average full time equivalent	As at 31 March 2024	As at 31 March 2023
Permanently employed staff	**2,621**	2,587
Agency	**-**	57
Contractors	**5**	4
Total	**2,626**	2,648

During 2023-24, the agency continued to reduce its reliance on agency staff, and at 31 March 2024 there were no agency staff in the workforce. During the year, some agency staff were successful in attaining permanent or short-term appointments and these recruitments partly explain the slight increase in permanently employed staff reported above.

In April 2024, Defra announced a pause on all external recruitment, with the intention to reduce the departments headcount for 2024-25 onwards. This means the agency's workforce will get smaller when staff leave, with some positions left vacant and others filled with existing staff.

The gender diversity of our permanently employed staff and Non-Executive Directors was:

Gender diversity as at 31 March 2024 Average full time equivalent	Male	Female
Executive Team not including Defra employees appointed as ET members	3	7
Permanently employed staff (excluding Executive Team)	1,162	1,449
Total permanently employed staff	**1,165**	**1,456**
Non-Executive Directors	3	2
Total	**1,168**	**1,458**

During 2023-24, the agency assisted Defra in maintaining sheep and goat records as part of the Defra Sheep Bureau team. In addition, throughout 2023-24, agency staff were also loaned to Defra to assist on the Livestock Information Transformation Programme (LITP). A new multi- species livestock identification and tracking service that will improve digital traceability in England, initially for sheep, cattle, pigs, goats, and deer. The income that the agency received in 2023-24 for Sheep Bureau and LITP secondments made up the majority of the £2.2 million secondment income recognised by the agency in the year. Netted against this amount were inward secondments in the year of £0.2 million from the House of Commons, Cabinet Office, and Defra.

The 2023-24, net recovery of secondments costs of £2 million (2022-23: £0.2 million), are reported in Note 2, under recoveries in respect of secondments.

People Forum and our People Plan

People Forum is a decision-making body that forms part of RPA's governance. Its purpose is to provide an inclusive and collaborative space for progressing people initiatives and engagement across the agency. All employees are welcome to contribute to People Forum.

The forum is designed to harness the energy, passion, and creativity of our people to deliver targeted, specific activities and wider initiatives designed to increase scale and reach and to change culture and attitudes.

The People Plan is a statement of the agency's ambition to make the agency an outstanding place to work. The plan promotes a culture of inclusivity, with opportunities for all, underpinned by supportive learning and development. The People Forum is designed to bring the People Plan to life and to shape the agency to be future ready through our trusted reputation.

We will ensure the agency is well positioned for opportunities arising from the 25 Year Environmental Plan and agricultural transition through growing our organisational capability.

Develop our learning and development strategy

The agency's learning and development (L&D) strategy supports our people's personal development and growth at work. It aligns with, and promotes, other areas of our People Plan such as the Wellbeing Toolkit, the Equality, Diversity, and Inclusion Strategy, Working from Home (and Smarter Ways of Working), our Social Mobility Strategy, and our Operational Delivery Profession (ODP) offer.

Our strategy will be developed through a L&D plan and network of L&D champions.

We have bought the L&D budget back in-house from Defra and introduced quarterly reporting. Communicating progress through our internet and SharePoint pages. These are updated all the time and demonstrate our commitment to make learning accessible to all, interesting and relevant.

We offer a range of leadership and management training, profession specific and technical training to help our people in every role. These include tailored career pathways, mentoring and coaching, accredited learning and qualifications.

Developing our professional capability as operational delivery experts

We enable our people to join and benefit from the largest of all the Civil Service Professions with 250,000 members across all government departments, through a new Operational Delivery Profession strategy. Our CEO is Head of Profession for Operational Delivery for the whole of the Defra group.

This offers our people training and development programmes, career pathways, networking opportunities and a real sense of belonging. We have the following objectives for our people who are part of this community and will continue to grow this work in future years:

- Build a thriving community of practice, recognised, and respected for its vital role in public service delivery
- Create a dynamic workforce who are future-ready, by helping our people develop, progress, and feel part of a community
- Instil a sense of pride and passion amongst our people, ensuring they feel valued for their work
- Inspire full commitment from our people to furthering their own skills
- Ensure our people are passionate about the people they serve and always have the desire to do better and be better, throughout their careers
- Enhance our customer experience expertise across our agency so that we deliver the best services
- Celebrate the impact we have and reward exceptional delivery

Celebrating our success

We launched our first RPA people awards in 2020. These awards celebrate and recognise our people that are Visible, Engaging, Respectful, Inclusive, Trusting, Accountable, and Supportive and who deliver with collaboration and innovation.

The award scheme has been used throughout the year to recognise and reward in-year achievements of RPA people who have gone above and beyond their normal duties to support successful delivery of business objectives.

The agency's now annual, people awards are hosted virtually which has improved the visibility, levelled the opportunities for all to attend and improved recognition and attendance.

We are early adopters of a new recognition platform which has allowed social and financial recognition, through the lens of our people values whilst streamlining our approach to 'Celebrating our success' and continuing to build on our culture.

Attendance management

The RPA's annual working days lost figure for the 2023-24 year was 7.5 (2022-23: 6.2).

Year to 31 March	2024	2023
Annual working days lost	**7.5**	6.2

Employee engagement

The RPA's Civil Service People Survey, employee engagement index in 2023 was 58% (2022: 57%).

Engagement index	2023	2022
RPA employee engagement index	**58%**	57%
Defra employee engagement index	**61%**	60%
Civil Service benchmark employee engagement index	**64%**	65%

We recognise the need to continually improve people engagement through our staff engagement survey results and comments, so are embracing new ways of gathering feedback and views. We have increased engagement through regular CEO and Executive Team all-agency calls, using interactive, easy-to-use question and answer and polling software applications, which have become an integral part of staff engagement with RPA's senior team and workforce. We will continue to track impact and engagement activity through our People Plan.

Expenditure on contractors and agency workforce (audited)

The agency is committed to using permanent people when possible but the nature of our operations means we also require the expertise of temporary contractors and an agency workforce, see Note 2.

The agency had consultants on its payroll in 2023-24 for £0.8 million (2022-23: £0.6 million) as reported in staff costs in Note 2. And agency staff on its payroll of £0.4 million (2022-23: £4.4 million).

Agency staff were typically lower grade individuals used on a short-term temporary basis to process scheme payments and provide cover for some business-as-usual tasks. The agency has no agency staff on its workforce at 31 March 2024.

The table below demonstrates that our temporary workforce costs have dropped year on year:

Expenditure on temporary workforce	Year to 31 March 2024 (£000)	Year to 31 March 2023 (£000)
Contractors	**757**	589
Agency	**377**	4,353
Total expenditure on temporary workforce	**1,134**	4,942

Expenditure costs on out-sourced consultancy companies in 2023-24 was £1.1 million (2022-23: £1.6 million). These costs have been incurred directly by the agency and are categorised by their nature within IT costs and Non-IT professional services in Note 3 of these accounts. Most consultancy costs incurred by the agency, are paid by Defra and recharged to the agency in the Corporate overhead recharge (notional) in Note 3 of these accounts.

Health, Safety and Wellbeing

The agency's Health, Safety and Wellbeing Unit (HSWU) role is to plan, introduce, monitor and review the protective and preventative measures that the RPA follow to ensure all employees are safe at work and in good mental health and that the agency is legislatively compliant. The unit works with all people from all areas of the business to minimise operational risks, losses, occupational health cases, accidents and injuries. The HSWU will arrange risk assessments to identify any situation that poses a level of threat to life, health, agency property or the environment. The unit works closely with the Defra estates division whose role is to ensure that the buildings used by the agency are fit for purpose and safe to work in.

The HSWU issues guidance for the health and safety of homeworkers, and the agency will continue to offer remote workstation assessments for those employees that request them.

Staff turnover (audited)

The agency uses Department Turnover (staff leaving the Civil Service or a particular department) as defined by civilservicestatistics@cabinetoffice.gov.uk in calculating its staff turnover.

For 2023-24 and 2022-23, the agency's turnover is calculated as the number of leavers within the year divided by the average of staff in post over the period. The average staff in post is calculated as the average of headcount at the start and end of the year.

Leavers include retirements, death in service, end of appointments, as well as dismissals and resignations and leavers under compulsory and voluntary redundancies.

Average full time equivalent Permanent staff, short and fixed term appointments	Year to 31 March 2024	Year to 31 March 2023
Leavers in the year	**273**	250
Staff at beginning of the year	**2,587**	2,574
Staff at end of the year	**2,621**	2,587
Average staff during the year	**2,604**	2,581
Staff turnover during the year	**10.5%**	9.7%

Employee relations and tribunals

There was no Civil Service Appeal Board (CSAB) closed and settled employment tribunals between 1 April 2023 and March 2024, (2022-23: none). The trade union engagement framework was introduced in April 2014 and is now firmly embedded within the agency. Facility time used by the trade union representatives has been within the maximum introduced by the Cabinet Office in 2013.

Employment issues and recruitment practice

We have reduced our time to hire staff, through successful adaptation of our recruitment processes, introducing video interviews and pre-recorded interviews. We continue our workforce stabilisation through large recruitment campaigns, utilising a range of resourcing options including fixed term appointments, apprenticeships, and permanent recruitment.

Defra HR continues to provide an expert service to RPA, managing vacancies throughout their life cycle from inception to realisation and provide full administrative functions for resourcing. This has ensured that RPA continues to be compliant with the Civil Service Commissioner's Recruitment Principles.

Pay policy

RPA is part of the Defra departmental pay bargaining unit. In April 2023, the government published its 2023-24 pay guidance. This year's highlights were:

- departments can make average pay awards up to 4.5%
- departments also have additional flexibility to pay up to a further 0.5% where they can demonstrate targeting of the pay award to those in their "lower pay bands", departments determine how they apply the targeted element

The Defra pay flexibility case that was approved by the Cabinet Office and HM Treasury enabled Defra group to increase the annual pay for the agency workforce by an average of 5.75% for eligible staff, including an increase in the pay range for AOs and AAs.

Defra remains committed to pursuing a pay flexibility case with the Cabinet Office and HM Treasury to address recruitment and retention issues and are looking into ways the groups pay flexibility case can be incorporated within the government guidance. Defra is engaging with trade unions during this process.

Defra ceased end-of-year performance related payments at the end of 2022-23. From 1 April 2023, Defra moved to continuous recognition, including e-cards, vouchers, and cash recognition payments, alongside a new People Performance framework. Defra remains committed to ensuring the largest base pay increases are towards the lowest paid in each pay range and maximising the consolidated (base pay) element of the yearly pay awards.

Exit packages (audited)

The agency offered no voluntary redundancies to employees in 2023-24 (2022-23: none). Exit packages are reported in staff costs in Note 2.3 of these accounts.

Diversity issues

We continue to work to ensure we have a diverse and inclusive culture where everyone feels they belong and are valued. Our commitment to providing opportunities for all, attracting, and developing diverse and motivated people, focusing on strengths, is tracked through our People Plan.

We remain part of the Defra group Equality, Diversity, and Inclusion Strategy 2020-2024, to ensure positive action is taken on four key themes where people feel respected, valued, supported, and engaged. We remain committed to this strategy and are confident that it will take us ever closer to being an equitable, diverse, and inclusive agency. In recent years, Defra group has increased the representation of minority ethnic employees, as well as those who are disabled, female, lesbian, gay and bi-sexual.

We have an Inclusion Leadership Group and groups representing our diverse workforce, and the actions from these groups feed into a central dashboard which is being created by the Group Equality Diversity Inclusion (EDI) team. The leads for these groups also represent RPA at the Defra boards.

Equal treatment in employment and occupation

We are working closely with cross-government initiatives to attract and encourage applicants from much wider, diverse groups such as care leavers, ex-offenders, and ex-military. This scheme enables those from specified groups who meet "basic" minimum selection criteria to have guaranteed interviews for junior roles within the Civil Service.

RPA, as part of Defra group, continues to work with a range of staff networks that support equal treatment in employment and occupation. Project Race, developed in 2019, is one of these networks. It aims to improve outcomes for colleagues of ethnic minorities in relation to representation, performance management and engagement.

In support of equal treatment in recruitment, the agency continues to use the Civil Service Guaranteed Interview Scheme for those people informing us of a disability or health condition. The agency also follows the 'blind' application process to ensure that diversity information is not disclosed to vacancy holders/interviewers at any time during the application process and therefore avoid unconscious bias entering the recruitment process. Interview panels are trained in aspects of 'unconscious bias' and its impact on decision making.

The agency induction packs direct starters to EDI support and support networks. Workplace adjustment passports, workstation assessments and occupational health referrals are all fully utilised by our workforce.

The agency does everything possible to encourage and support its disabled employees. We are committed to giving disabled employees the same opportunities to develop and progress as non-disabled employees, making sure there are no barriers in achieving their full potential. The agency will not unlawfully discriminate against disabled people in any aspect of employment including the recruitment process, training, and promotional and career development opportunities.

Trade union relationships

Working relationships with the trade union have remained positive and constructive, providing valuable input and support into initiatives throughout the year.

Facility time publication requirements

In accordance with the requirements of the Trade Union (Facility Time Publication Requirements) Regulations 2017, the following tables summarise trade union officials of employees and facility time usage during the year 2023-24.

Trade union representative	2023-24
Number of employees who were relevant union officials	24
Full time equivalent employee number	23.1

Number of employees by percentage of time spent on facility time	2023-24
0%	-
1-50%	24

Percentage of pay bill spent on facility time	2023-24
Total pay bill spent on facility time (total cost of facility time ÷ total pay bill) x 100	0.13%
Total cost of facility time during the year to 31 March 2024 before Agency staff and Contractors	£138,986
Total pay bill cost during the year to 31 March 2024	£108.7m

Paid trade union activities	2023-24
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by trade union representatives during the year to 31 March 2024 ÷ total paid facility time hours) x 100	0%

Off-payroll appointments

In line with the recommendations of a review of Tax Arrangements of Public Sector Appointees published by HM Treasury in May 2012 the RPA put in place controls to ensure its non-payroll people earning greater than £245 per day are contractually obliged to assure the agency that they are meeting their tax obligations. Monitoring continues to take place with regular reports being supplied to Defra.

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2024, earning £245 per day or greater:

Payroll workers engaged during the year ended 31 March 2024	2023-24
Number of off-payroll workers engaged during the year ended 31 March 2024	**1**
of which: not subject to off-payroll legislation	**1**
subject to off-payroll legislation and determined as in-scope of IR35	**-**
subject to off-payroll legislation and determined as out-of-scope of IR35	**-**
Number of engagements reassessed for compliance or assurance purposes during the year	**1**
of which: number of engagements that saw a change to IR35 status following review	**-**

For all off-payroll existing engagements as of 31 March 2024, for more than £245 per day and that last for longer than six months:

Number of existing engagements	2023-24
Existing engagements as at 31 March 2024	**1**
of which: existed for less than one year at time of reporting	**-**
existed between one and two years at time of reporting	**-**
existed between two and three years at time of reporting	**-**
existed between three and four years at time of reporting	**1**
existed for four or more years at time of reporting	**-**

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024:

Number of existing engagements	2023-24
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	**-**
Total no. of individuals on payroll and off-payroll engagements that have been deemed board members, and/or, senior officials with significant financial responsibility, during the financial year.	**15**

Senior officials with significant financial responsibility are defined as all board level executives, non-executive directors, and finance directors.

Parliamentary accountability and audit

Purpose

This section describes how the agency meets key accountability requirements to Parliament.

Regularity of expenditure (audited)

The agency reports losses and special payments:

	Year to 31 March 2024		Year to 31 March 2023	
	Number of cases	Value (£000)	Number of cases	Value (£000)
Cash losses - Scheme[1]	**2,074**	**1,263**	709	328
Cash losses - Running costs	**-**	**-**	2	7
Special payments – Sustainable Farming Incentive 2022 (see below)	**2,021**	**11,553**	-	-
Special payments - Scheme	**92**	**434**	209	302
Realised exchange loss	**-**	**-**	1	472
Total	**4,187**	**13,250**	921	1,109

1. *Cash losses in 2023-24 include RDPE schemes as the agency took over the RDPE programme from 1 April 2023, see Note 1.10. This explains the increase in cash losses in 2023-24 compared to 2022-23.*

On 21 June 2023, the agency closed applications to the Sustainable Farming Incentive (SFI) 2022 scheme and wrote to existing SFI 2022 agreement holders stating its intention to curtail existing agreements in order to allow earlier take up of the improved SFI 2023 scheme. Where agreements featured actions which will not be available under SFI 2023 the agency undertook to compensate agreement holders for any loss of income which this created. As a result, in 2023-24, the agency has recognised £11.6 million of SFI 2022 special payments, as shown above. There will be further SFI 2022 special payments in 2024-25.

The payment banding of these SFI 22 special payments is shown below:

SFI 22 Payment band	Year to 31 March 2024 Number of cases	Year to 31 March 2024 Value (£000)	Year to 31 March 2023 Number of cases	Year to 31 March 2023 Value (£000)
£0-5,000	1,341	2,954	-	-
£5,001 to £10,000	395	2,738	-	-
£10,001 to £15,000	131	1,608	-	-
£15,001 to £20,000	71	1,216	-	-
£20,001 to £25,000	25	559	-	-
£25,001 to £30,000	13	359	-	-
£30,001 to £35,000	16	513	-	-
£35,001 to £40,000	5	186	-	-
£40,001 to £45,000	10	421	-	-
£45,001 to £50,000	2	95	-	-
£50,001 to £55,000	2	106	-	-
£55,001 to £60,000	3	173	-	-
£60,001 to £65,000	1	63	-	-
£65,001 to £70,000	2	134	-	-
£70,001 to £75,000	-	-	-	-
£75,001 to £80,000	2	155	-	-
£80,001 to £85,000	-	-	-	-
£85,001 to £90,000	1	86	-	-
£185,001 to £190,000	1	187	-	-
Total	2,021	11,553	-	-

During 2023-24, there were no losses which individually exceeded £0.3 million.

Cash losses represent known, specific cases where a monetary loss has been incurred, for example when overpayments made to specific customers have not been recoverable.

Regularity of grant expenditure

In addition to the known cash losses above, the agency measures the level of irregularity in its grant expenditure each year. This is the implied taxpayer loss associated with grant expenditure where payments have been made which are ineligible under scheme rules or where the outcomes required by the grant agreement have not been achieved.

How the agency builds its estimate of irregularity

The agency aims to continue to improve its ability to measure the effectiveness of its schemes, and how it supports customers to get things right in delivering their agreements. To estimate the level of irregularity in the agency's total grant expenditure, known data points from the results of randomly selected site visits and remote sensing activity are extrapolated across the whole population.

In assessing whether the results of visits and remote sensing indicate fraud or error and in quantifying the monetary value of the loss to the taxpayer, the agency refers to the specific actions required by agreements in place with customers. Those agreements reflect the Secretary of State's wider scheme rules in accordance with the Agriculture Act and relevant regulations covering each scheme examined.

Impact of transition to newer agricultural payment schemes

The measurement of irregularity for 2023-24 takes place in the context of a period of transition for the agency as the portfolio of work it undertakes moves from a previous parliamentary intent which gave rise to direct payment schemes and schemes with limited environmental benefit, to a new intent with new or enhanced schemes which reflect the policy ambition for better environmental outcomes and increased value for money.

These schemes are more ambitious than predecessors and have an associated higher potential for error. This transitional phase sees the ending of legacy schemes such as delinked payments and the growth and development of outcome-focused schemes such as Sustainable Farming Incentive, but whilst this transition concludes, error rates from fundamentally different schemes contribute to the overall error rate. The different nature of the scheme designs from the two approaches should be considered in interpreting the measurement of irregularity described below.

Actions planned to manage the risk of fraud and error

The agency is embedding a new approach to managing the risk of fraud and error within scheme expenditure. This is an annual cycle in which the information gathered from site visits and remote sensing informs the estimate of fraud and error and also aids a better understanding of the underlying causes of them. When combined with other insight and intelligence received, this leads to a plan of targeted interventions aimed at supporting our customers to get things right, which in turn should reduce fraud and error in future years.

In addition to the fraud and error estimate itself, the agency has produced further analysis for Countryside Stewardship (CS) with greater granularity around what errors have occurred to direct further investigation into likely causes.

This complements updated "heat map" analysis for CS which considers error information at option level alongside other factors such as option take-up and payment rate to identify the options most at risk of causing an error and allows the agency to prioritise targeted interventions to reduce this. This work will be extended to SFI over the coming months.

A newly established panel of experts from across the agency will meet regularly to consider the available data including these analyses and make recommendations for targeted interventions aimed at preventing the issues identified. A range of approaches will be considered for inclusion into a plan including communications to customers, or the simplification of scheme rules or policy where possible. The effectiveness of the plan in reducing the error rate for those options it has been designed to support will be tracked, creating a feedback loop to inform decisions on future interventions and capture lessons learned to influence policy development for future schemes.

Irregularity rates for 2023-24

The table below summarises most likely estimated irregularity rates and values by scheme.

The following assumptions have been made:

- The error rate for Delinked and Lump Sum Payments Schemes has been estimated as 0.27%, the average error rate over the reference years of the Basic Payment Scheme used to calculate the new payments.
- SFI 22 ex-gratia closure payments were made to customers with agreements that featured actions which are not available under SFI 2023. The £11.6 million of expenditure recognised in 2023-24 was based on confirmed eligibility for the relevant standards at agreement closure. On this basis the expenditure has been accepted as free from error and so is excluded from the estimate. See the report of losses and special payments for further details.

Other schemes included in the estimation of undetected irregularities comprise of the School Milk Scheme and other minor schemes. The value of expenditure under these schemes for the year is not material and performing a formal estimate would not be cost effective. Therefore, the agency has assumed that the overall error rate within schemes which were measured can be applied to these schemes.

Expenditure under the Fruit & Vegetables Scheme is considered materially free from error due to the nature of the operation of the scheme, whereby the agency conducts site visits to verify all claims prior to payment due to the low number of customers. As such this scheme is not included within the estimates below.

	Year to 31 March 2024		Year to 31 March 2023	
	Estimated irregularity rate	Value (£m)	Estimated irregularity rate	Value (£m)
Basic Payment Scheme	**0.32%**	**3.5**	0.24%	3.3
Basic Payment Scheme – Delinked Payments	**0.27%**	**4.3**	n/a	n/a
Lump Sum Exit	**0.27%**	**0.0**	0.24%	0.0
Overall - legacy schemes[1]	**0.29%**	**7.8**	0.24%	3.3
Countryside Stewardship – Revenue	**3.02%**	**12.0**	4.04%	6.8
Countryside Stewardship – Capital[2]	**5.40%**	**8.9**	1.93%	2.0
Environmental Stewardship	**0.65%**	**0.7**	n/a	n/a
Farming Equipment and Technology Fund (FETF)	**0.00%**	**-**	0.00%	-
Sustainable Farming Incentive (Pilot) (SFI Pilot)	**2.23%**	**0.3**	2.64%	0.3
Sustainable Farming Incentive (22) (SFI 22)[3]	**1.86%**	**0.4**	n/a	n/a
Farming Transformation Fund (FTF)	**0.00%**	**-**	n/a	n/a
Overall - new and enhanced schemes[4]	**2.97%**	**22.2**	2.86%	9.1
Other schemes subject to estimations	**1.69%**	**0.3**	0.74%	0.2
Overall - all schemes	**0.87%**	**30.3**	0.74%	12.6

1. *Legacy schemes are those conceived from the previous parliamentary intent which gave rise to direct payments and schemes with limited environmental benefits.*
2. *The increase in error rate for Countryside Stewardship Capital between 2022-23 and 2023-24 will be a focus for the expert panel in its first year of operation, using the recent analysis to direct possible interventions.*
3. *Results from measure activity for SFI 22 demonstrated that many customers could not deliver aspects of their agreements due to severe wet weather from October 2023 to March 2024. An adjustment has since been made to affected agreements with the result that those customers have no error to remedy. This has meant that the initial estimate for SFI 22 decreased from 19% (£3.69 million) to 1.86% (£0.37 million).*
4. *New and enhanced schemes are those with an ambition for improved environmental outcomes and increased value for money.*

Uncertainty associated with the estimation of irregularity

The above table contains estimates based on a random sample of visits and is therefore subject to a degree of statistical uncertainty. The estimates are prepared to within a stated range of accuracy, known as confidence intervals. 95% confidence intervals are presented below.

	Year to 31 March 2024			Year to 31 March 2023		
	Central estimate (£m)	Confidence interval from (£m)	Confidence interval to (£m)	Central estimate (£m)	Confidence interval from (£m)	Confidence interval to (£m)
Basic Payment Scheme	**3.5**	**1.7**	**6.2**	3.3	2.1	4.7
Basic Payment Scheme – Delinked Payments[1]	**4.3**	**2.4**	**6.7**	n/a	n/a	n/a
Lump Sum Exit	**0.0**	**0.0**	**0.0**	0.0	0.0	0.0
Countryside Stewardship – Revenue	**12.0**	**7.7**	**21.7**	6.8	3.7	10.5
Countryside Stewardship – Capital	**8.9**	**5.1**	**17.2**	2.0	1.1	2.9
Environmental Stewardship	**0.7**	**0.3**	**1.6**	n/a	n/a	n/a
Farming Equipment and Technology Fund (FETF)	**-**	**-**	**-**	-	-	-
Sustainable Farming Incentive (Pilot) (SFI Pilot)	**0.3**	**0.1**	**0.6**	0.3	0.2	0.5
Sustainable Farming Incentive (22) (SFI 22)	**0.4**	**0.1**	**1.1**	n/a	n/a	n/a
Farming Transformation Fund (FTF)	**-**	**-**	**-**	-	-	-
Other schemes subject to estimations	**0.3**	**0.1**	**0.6**	0.2	0.1	0.2

1. *Basic Payment Scheme Delinked confidence intervals are calculated based on the average confidence intervals during the reference period years.*

Where practical to do so, the agency adjusts estimates for the effects of known and probable measurement errors. However, the figures presented are estimates, and have several limitations. For example, judgement must occasionally be employed by field officers in determining whether or not a breach of scheme rules exists, and further judgements determine whether or not this has resulted in irregular expenditure. The tables below demonstrate the effect of these potential measurement errors upon the estimated values presented. The percentage changes selected for this sensitivity analysis are judged to be representative of the possible level of measurement errors, based upon management knowledge of the operation of schemes and upon insights generated by quality control processes.

	Expenditure (£m)	Irregularity rate (£m)	Irregularity value (£m)	Contribution to overall irregularity value	Impact of a 10% change in monetary value of irregularity on the overall irregularity	Impact of a 10% change in monetary value of irregularity on the overall irregularity (£m)
Basic Payment Scheme	1,088.45	0.32%	3.48	11%	0.010%	0.34
Basic Payment Scheme – Delinked Payments	1,605.47	0.27%	4.33	14%	0.012%	0.42
Lump Sum Exit	9.15	0.27%	0.02	0%	0.000%	0.00
Countryside Stewardship – Revenue	396.02	3.02%	11.96	39%	0.034%	1.17
Countryside Stewardship – Capital	165.29	5.40%	8.90	29%	0.025%	0.87
Environmental Stewardship	109.35	0.65%	0.71	2%	0.002%	0.07
Farming Equipment and Technology Fund (FETF)	34.20	0.00%	0	0%	0.000%	0.00
Sustainable Farming Incentive (Pilot) (SFI Pilot)	13.31	2.23%	0.30	1%	0.001%	0.02
Sustainable Farming Incentive (22) (SFI 22)	19.69	1.86%	0.37	1%	0.001%	0.03
Farming Transformation Fund (FTF)	11.55	0.00%	0	0%	0.000%	0.00
Other schemes subject to estimation	16.10	1.69%	0.27	1%	0.001%	0.02

For example, Countryside Stewardship Revenue spending currently contributes 39% of the total estimated irregularity value. If the monetary value of the estimated irregular expenditure for this scheme (currently £11.96 million) were to increase by 10% this would lead to the overall estimated irregularity rate of 0.90% increasing by 0.04% (equating to around a further £1.17 million of irregular expenditure).

Gifts over £300,000 (audited)

The agency has made no gifts or received any gifts totalling over £300,000 in the year 2023-24 (2022-23: £nil) from Defra or other government departments. All transfers of assets are at a fair and full market value, and the agency received no loans of assets or donations from Defra or any other government department in 2023-24, or 2022-23, that would be classed as gifts, as defined by Managing Public Money May 2023, Annex 4.12.

Government Functional Standards

The mandate for the use of functional standards is provided by Managing Public Money (MPM) and endorsed by Ministers through the Declaration on Government Reform. Each standard sets expectations for what needs to be done, and why, relating to the work within its scope. The functional standards contain mandatory, advisory, and permitted elements and uses active language to set expectations ('shall', 'should', 'may', 'might' etc) for each element.

The Government Functional Standards for RPA are largely managed by Defra who make the judgements as owners of the various Functional Standards and the associated corporate services. As part of the services delivery model, core department Heads of Function ensure compliance assessments are in place for these Functional Standards which are used to assess future development areas. As last year, assessments for services received currently continue to range from "developing" to "good". We have incorporated reporting on Functional Standards into our Governance to understand the state of play and how we can work with Defra colleagues help improve our working practices and compliance. In addition to delivering against our Continuous Improvement Plan for the Project Delivery Functional Standard, we have placed a particular focus on the Grants Functional Standard as it is key to our core business and will be carrying out a detailed assessment during 2024-25 as we continue to embed and learn from all the Functional Standards.

Fees and charges (audited)

The agency has no material income fees and charges.

Remote contingent liabilities (audited)

The agency has no remote contingent liabilities that are required to be reported to Parliament under Managing Public Money.

Long term expenditure trends

A detailed commentary on current and prior year performance is included within the Performance Analysis section.

Paul Caldwell
Chief Executive and Accounting Officer
19 July 2024

The certificate and report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Rural Payments Agency for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Rural Payments Agency's:

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of Rural Payments Agency's affairs as at 31 March 2024 and its net operating cost for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022).* My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019.* I am independent of the Rural Payments Agency in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Rural Payments Agency's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Rural Payments Agency's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Rural Payments Agency is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report but does not include the financial statements and my auditor's certificate and report thereon. The Chief Executive as Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Rural Payments Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Rural Payments Agency or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or

- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Chief Executive as Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within Rural Payments Agency from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Rural Payments Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Rural Payments Agency will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Rural Payments Agency's accounting policies.
- inquired of management, Rural Payments Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Rural Payments Agency's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Rural Payments Agency's controls relating to the Rural Payments Agency's compliance with the Government Resources and Accounts Act 2000, and Managing Public Money.
- inquired of management, Rural Payments Agency's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations; and
  - they had knowledge of any actual, suspected, or alleged fraud.
- discussed with the engagement team and the relevant internal specialists, including the NAO modelling team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Rural Payments Agency for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and fraud and error within scheme expenditure. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Rural Payments Agency's framework of authority and other legal and regulatory frameworks in which the Rural Payments Agency operate. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Rural Payments Agency. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2022, grant expenditure legislation, employment law, pensions legislation and tax legislation.

I reviewed the Rural Payment Agency's estimate of the risk of fraud and error within the scheme expenditure population.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- other audit procedures responsive to the risk of fraud and irregularity within scheme expenditure.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report on Accounts

1. Significant changes in the year on irregularity rates have accompanied the ongoing roll-out of newer schemes which implement the policy aims of the Department for Environment, Food and Rural Affairs (the Department) to link agricultural subsidy more to the achievement of specific environmental outcomes.

2. Without qualifying my opinion on regularity, I make the following comments in the context of these changes. These should be read in conjunction with management's Parliamentary Accountability & Audit Report (page 97).

Background

3. The Rural Payments Agency (RPA) is a delivery arm of the Department which delivers agricultural payment schemes to beneficiaries, including farmers and other land managers. Scheme designs are determined by the Department, with the broad framework for each approved by Parliament in statutory regulation, and detailed requirements established through guidance issued by the Secretary of State.

4. As part of my audit, I consider whether the RPA's transactions are in all material respects regular – i.e. within the framework of authorities established by Parliament and the Secretary of State's guidance. In forming my opinion, I work to gain assurance over the RPA's own measurement of irregularity.

This is based on site visits and remote verification which determine the extent to which the scheme requirements are being met by beneficiaries.

Where non-compliance is identified, RPA measure an irregularity valued at the proportion of the payment which represents a loss to the taxpayer – for example, because a BPS claim has been made in excess of the eligible area, or on output-based schemes the environmental benefit required has been partially delivered.

Significant changes in the balance of agricultural payment schemes

5. The Department has begun a programme of transition in which they are phasing out Basic Payments Scheme (BPS) – an area-based subsidy scheme – and significantly increasing expenditure on agri-environmental schemes such as Countryside Stewardship (CS) which contract with beneficiaries for the achievement of specific outputs. 2023-24 is the final year for BPS.

Recognising beneficiaries' need to adjust to this transition, the Department has implemented an annual grant, reducing in value between 2024 and 2027.

These are described as 'delinked payments', reflecting the fact that beneficiaries only have to demonstrate their previous entitlement to BPS, rather than fulfil any continuing performance conditions.

Note 5 to the accounts describes the balance of scheme expenditure during 2023-24 at this point in the transition, including:

- BPS grants of £1.1bn (2022-23: £1.4bn);
- delinked payments of £1.6bn (2022-23: £nil) which are recognised in full in these accounts, in advance of payment, because of the lack of obligations on entitlement-holders; and
- CS scheme expenditure of £0.6bn (2022-23: £0.3bn).

6. I have reported on broader aspects of how Defra is managing *The Farming and Countryside Programme* in a separate value for money report.

How the risk of irregularity on agricultural payments is influenced by scheme design

7. There is a link between the characteristics of each scheme and the inherent risk of irregularity, or non-compliance, attaching to them. A subsidy scheme based predominantly on farm area (such as BPS) has an inherently lower risk of non-compliance compared to multi-option agri-environmental schemes which require the delivery of specific outputs.

8. This does not mean that a policy with a lower regularity risk is better value for money; it is for the Department's Accounting Officer to evaluate the mechanisms best suited to delivering the government's desired outcomes, whether these tend more towards direct subsidy, or the achievement of more specific benefits; and for the Department and RPA to determine what compliance-focused activity to undertake to protect those outcomes.

My evaluation of this year's irregularity measurement

9. Legacy schemes (BPS and delinked payments) have irregularity rates for 2023-24 of around 0.3%. Rates on newer agri-environmental schemes vary. The largest (Countryside Stewardship) has rates of between 3.0% and 5.4%. CS and SFI rates are stated after taking into account temporary support measures for beneficiaries which the Secretary of State issued to allow them more time to achieve outcomes following prolonged wet weather conditions.

10. The level of irregular expenditure for 2023-24 for newer, continuing, schemes was £22.2m, at a rate of 3.0% (2022-23:£9.1m at a rate of 2.9%).

11. I have taken account of all the factors above in deciding to issue an unqualified opinion for 2023-24. Whilst the rates on new schemes overall are higher, principally due to the impact of Countryside Stewardship, during this transition year they are not material to the account overall. I expect to return to this matter in 2024-25.

Looking forward

12. This increase in non-compliance arises principally because newer schemes including CS – which have a higher inherent risk of non-compliance – form a rising proportion of the total grant expenditure.

13. A significant initial difference in compliance levels between legacy and newer schemes is understandable, given the varied nature of the schemes. However, it is important the RPA acts to improve the extent to which grants fully achieve their intended outcomes by:

- setting targets for the compliance level they would see as representing value for money in these newer schemes, taking account the extent of compliance-focused activity which would be needed to sustain it;
- monitor performance against these levels; and
- take action to improve the consistency of customer compliance over time. RPA describe, on page 98-99, the short-term actions they are planning to support beneficiaries towards this end.

Gareth Davies

Comptroller and Auditor General
22 July 2024

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial statements

This section provides financial statements of the reportable activities of the Rural Payments Agency during the year.

Account statements

Statement of Comprehensive Net Expenditure for the Year to 31 March 2024

		Year to 31 March 2024		Year to 31 March 2023	
	Note	(£000)	(£000)	(£000)	(£000)
Running costs					
Staff	**2**	**107,857**		98,488	
Others	**3**	**110,395**		75,526	
			218,252	174,014	
Running costs income	**4**		**(2,523)**	(2,451)	
Net running costs			**215,729**		171,563
Scheme costs					
Rural Payments Agency					
Costs	**1.8,5**	**3,528,368**		1,752,131	
Income	**1.8,5**	**(21,286)**		(11,262)	
			3,507,082		1,740,869
Other paying agencies					
Costs	**1.9,6**	**85,154**		99,721	
Income	**1.9,6**	**(84,715)**		(99,642)	
			439		79
Net scheme expenditure			**3,507,521**		1,740,948
Net operating cost			**3,723,250**		1,912,511

Statement of Comprehensive Net Expenditure for the Year to 31 March 2024 (continued)

		Year to 31 March 2024		Year to 31 March 2023	
	Note	(£000)	(£000)	(£000)	(£000)
Net operating cost			**3,723,250**		1,912,511
Other comprehensive net expenditure					
Items that will not be classified subsequently in the Statement of Comprehensive Net Expenditure			**-**		-
Net gain on revaluation of intangible assets	**14**		**(3,602)**		(4,464)
Items that may be classified subsequently in the Statement of Comprehensive Net Expenditure when specific conditions are met			**-**		-
Total comprehensive net expenditure for the year			**3,719,648**		1,908,047

The Notes on pages 121 to 162 form part of these accounts.

Statement of Financial Position as at 31 March 2024

		As at 31 March 2024		As at 31 March 2023	
	Note	(£000)	(£000)	(£000)	(£000)
Non-current assets					
Property, plant and equipment	**7**	**707**		336	
Intangible assets	**8**	**46,580**		54,637	
Total non-current assets			**47,287**		54,973
Trade receivables and other current assets	**9**	**265,522**		234,536	
Derivative assets	**13**	**1,335**		90	
Cash and cash equivalents	**10**	**80,044**		54,421	
Total current assets			**346,901**		289,047
Total assets			**394,188**		344,020
Trade payables and other current liabilities	**11**	**(985,806)**		(115,072)	
Lease liabilities	**16.2**	**(341)**		(167)	
Provisions	**12**	**(180)**		-	
Derivative liabilities	**13**	**(706)**		(4,847)	
Total current liabilities			**(987,033)**		(120,086)
Total assets less current liabilities			**(592,845)**		223,934

Statement of Financial Position as at 31 March 2024 (continued)

		As at 31 March 2024		As at 31 March 2023	
	Note	(£000)	(£000)	(£000)	(£000)
Non-current liabilities					
Provisions	**12**	**(797,282)**		-	
Lease liabilities	**16.2**	**(493)**		(245)	
Total non-current liabilities			**(797,775)**		(245)
Total assets less total liabilities			**(1,390,620)**		223,689
Taxpayers' equity					
General fund		**(1,400,978)**			213,757
Revaluation reserve	**14**	**10,358**			9,932
Total taxpayers' equity			**(1,390,620)**		223,689

The Notes on pages 121 to 162 form part of these accounts.

Paul Caldwell
Chief Executive and Accounting Officer
19 July 2024

Statement of Cash Flows for the Year to 31 March 2024

	Note	Year to 31 March 2024 (£000)	Year to 31 March 2023 (reclassified)[2] (£000)
Cash flows from operating activities			
Net operating cost		**(3,723,250)**	(1,912,511)
Adjustment for non-cash items included in other running costs	**3**	**96,709**	60,632
Adjustment for derivative financial instruments[1]	**13**	**(5,386)**	1,402
Increase in provisions	**12**	**797,462**	-
Increase in trade receivables and other current assets	**9**	**(30,986)**	(156,987)
Increase in trade payables and other liabilities[3]	**11**	**870,559**	14,339
Net cash outflow from operating activities		**(1,994,892)**	(1,993,125)
Cash flows from investing activities			
Purchase of property, plant and equipment[2,3]	**7**	**(35)**	-
Net cash outflow from investing activities		**(35)**	-
Cash flows from financing activities			
Financing by Defra		**2,047,000**	2,055,000
Financing to Defra		**-**	(120,000)

Statement of Cash Flows for the Year to 31 March 2024 (continued)

	Note	Year to 31 March 2024 (£000)	Year to 31 March 2023 (reclassified)[2] (£000)
Payments for Rural Development Programme for England on behalf of Defra[4]	**1.10**	**(25,302)**	(362,339)
Receipts for Rural Development Programme for England on behalf of Defra	**1.10**	**-**	162,695
Disallowance transfer to Defra	**1.23**	**(908)**	(17,499)
Defra schemes administered by RPA		**(74)**	-
Capital element of payments in respect of lease liabilities[2]	**16.2**	**(166)**	(78)
Net cash inflow from financing activities		**2,020,550**	1,717,779
Increase/(decrease) in cash and cash equivalents in the period		**25,623**	(275,346)
Cash and cash equivalents at 1 April	**10**	**54,421**	329,767
Cash and cash equivalents at 31 March	**10**	**80,044**	54,421

1. *The adjustment in derivative financial instruments above, is calculated by the sum of: (current year's derivative assets minus previous year's derivative assets) minus (current year's derivative liabilities minus previous year's derivative liabilities).*
2. *For 2022-23, £490k of right of use assets have been reclassified, and removed from purchase of property, plant and equipment, and also from the capital element of payments in respect of lease liabilities. This is to bring the agency in line with the same accounting treatment in other Defra group bodies, for these non-cash transactions. For 2023-24, £588k of right of use assets have been removed from purchase of property, plant and equipment, and also from the capital element of payments in respect of lease liabilities.*
3. *During the year to 31 March 2024, the agency had £2.3 million intangible assets transferred from Defra through General Funds (2022-23: £11.6 million), see Note 8. For both 2023-24, and 2022-23, these were notional transfers from a controlling party, Defra. Consequently, as non-cash items, the assets provided are not disclosed within the Statement of Cash Flows for 2023-24 or 2022-23. £175k of the £210k development expenditure assets reported in Note 8 were accruals and therefore reported under trade payables and other liabilities above, consequently only £35k is reported above as a cash purchase on property, plant and equipment.*
4. *Recognition of expenditure for legacy RDPE schemes transitioned from Defra to the agency with effect from 1 April 2023. Prior to this, Defra recognised expenditure for these schemes, on average, in advance of cash payments being made. As such the agency has continued to make cash payments to claimants on behalf of Defra during the 2023-24 financial year in order to settle in cash terms expenditure which was accrued by Defra during financial year 2022-23. Because the agency is ultimately funded by Defra through the General Fund, these payments made on behalf of Defra have been presented as financing cash flows. See Note 1.10 for further details.*

The Notes on pages 121 to 162 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the Year to 31 March 2024

	Note	General fund (£000)	Revaluation reserve (£000)	Total taxpayers' equity (£000)
Balance at 31 March 2022		345,758	7,857	353,615
Net operating cost		(1,912,511)	-	(1,912,511)
- intangible assets	14	2,389	(2,389)	-
Arising on revaluation during the year (net)	14	-	4,464	4,464
Total comprehensive net expenditure for year ended 31 March 2023		(1,910,122)	2,075	(1,908,047)
Notional charge – corporate overhead recharge	3	48,660	-	48,660
Financing by Defra		2,055,000	-	2,055,000
Financing to Defra		(120,000)	-	(120,000)
Payments for Rural Development Programme for England on behalf of Defra	1.10	(362,339)	-	(362,339)
Receipts for Rural Development Programme for England on behalf of Defra	1.10	162,695	-	162,695
Disallowance transfer to Defra	1.23	(17,499)	-	(17,499)
Assets transfer from Defra	8	11,604	-	11,604
Balance at 31 March 2023		213,757	9,932	223,689

Statement of Changes in Taxpayers' Equity for the Year to 31 March 2024 (continued)

	Note	General fund (£000)	Revaluation reserve (£000)	Total taxpayers' equity (£000)
Balance at 31 March 2023		**213,757**	**9,932**	**223,689**
Net operating cost		(3,723,250)	-	(3,723,250)
Transfer from revaluation reserve to General Fund:				
- intangible assets	14	3,176	(3,176)	-
Arising on revaluation during the year (net)	14	-	3,602	3,602
Total comprehensive net expenditure for year ended 31 March 2024		**(3,720,074)**	**426**	**(3,719,648)**
Notional charge – corporate overhead recharge	3	82,371	-	82,371
Financing by Defra		2,047,000	-	2,047,000
Financing to Defra		-	-	-
Payments for Rural Development Programme for England on behalf of Defra	1.10	(25,850)	-	(25,850)
Disallowance transfer to Defra	1.23	(360)	-	(360)
Defra schemes administered by RPA[1]		(74)	-	(74)
Assets transfer from Defra	8	2,252	-	2,252
Balance at 31 March 2024		**(1,400,978)**	**10,358**	**(1,390,620)**

1. *During 2023-24, the agency made £74k of payments on behalf of Defra for the XL Bully scheme, with all expenditure on this scheme being reported in Defra's financial statements and corresponding movements reflected in the agency's General Fund.*

The Notes on pages 121 to 162 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2023-24 Government Financial Reporting Manual (FReM) and the Accounts Direction issued by HM Treasury in accordance with Section 7(2) of the Government Resources and Accounts Act 2000.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted and interpreted for the public sector. Where the FReM allows a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the agency for the purpose of giving a true and fair view has been selected. The accounting policies adopted by the agency are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

Going concern

The financial statements are prepared on a going concern basis and are consistent with the FReM 2023-24 continued provision of service basis.

1.1 Accounting convention

These accounts have been prepared on an accruals basis under the historic cost convention, modified to account for the revaluation of intangible assets, and certain financial assets and liabilities, where material.

1.2 Property, plant and equipment

Property, plant and equipment is recognised on a depreciated historic cost basis due to being low in value. Property, plant and equipment assets are reviewed annually for indicators of impairment. The agency has set a capitalisation threshold of £10,000. Below this threshold costs are charged directly to the Statement of Comprehensive Net Expenditure. From 1 April 2021, assets purchased as a group, each costing above £500 but totalling more than £500,000, have been capitalised.

1.3 Intangible assets

Intangible assets are initially recognised at cost, including their deemed cost to Defra where they are transferred from our parent department. Subsequently they are measured at depreciated historic cost modified by annual revaluations using appropriate price indices issued by the UK Office of National Statistics, as a proxy for Depreciated Replacement Cost (the fair value option applicable to these non-actively traded assets). The unrealised element is credited/debited to the Revaluation reserve as shown in the Statement of Changes in Taxpayers' Equity, see Note 14. Intangible assets are reviewed annually for indicators of impairment.

Intangible assets comprise internally developed applications and bespoke IT software projects, licences and packages developed by third parties. Software projects being developed are capitalised as development expenditure and treated as capital expenditure (but not amortised or revalued until the software is fully developed and brought into use). Transfers of assets developed by Defra are provided to the agency via the General Fund. The agency has set a capitalisation threshold for software projects of £100,000 and £10,000 for software licences. From 1 April 2021, software licences assets purchased as a group, each costing above £500 but totalling more than £500,000, have been capitalised. At 31 March 2024, the agency had no capitalised software licences. Licences and related customisations are only recognised where they represent identifiable assets controlled by the agency, rather than being purely part of service contracts.

1.4 Depreciation and amortisation

Depreciation and amortisation are provided at rates estimated to write off the valuation of property, plant and equipment, and intangibles on a straight-line basis, over the estimated useful life of the asset, taking into account residual value (if it applies). Assets are depreciated or amortised from the month after they are available for use.

Estimated useful lives at initial recognition are normally in the following ranges:

Depreciation

IT hardware	
• Laptops, printers and similar equipment	3 years
• Communications	5 years
• Servers	Up to 7 years
Office machinery	5 years
Right of use - vehicles	4 years
Others	5 to 25 years

Amortisation

IT software[1]	5 to 7 years
IT licences	Up to 7 years

1. *All IT software assets capitalised to deliver rural scheme payments have been amortised over the period ending 31 March 2028, see Note 8. These assets therefore no longer sit within the stated useful expected life range for software stated above*

1.5 Impairment

Impairments are recognised when the recoverable amount of non-current assets falls below their carrying amount. An impairment review is carried out on an annual basis.

In line with an adaption in the FReM, any permanent diminution in the value of an asset due to clear consumption of economic benefit or service potential should be recognised in full as an impairment loss in the Statement of Comprehensive Net Expenditure. However, to align the balance in the Revaluation reserve with that which would have resulted through strict application of IAS 36, an amount up to the value of the impairment is transferred to the General Fund for the individual asset concerned.

Downward revaluations, resulting from changes in market value, only result in impairment where the asset is revalued below its historic cost carrying amount. In these cases, the accounting treatment is as for any other impairment, with amounts being first set against any accumulated balance in the revaluation reserve, and any amount in addition to this being recognised and recorded in the Statement of Comprehensive Net Expenditure.

1.6 Leased assets

The agency assesses whether a contract is, or contains, a lease at the inception of the contract using the adaption and interpretation set out by HM Treasury in the Financial Reporting Manual (FReM). A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

The Statement of Comprehensive Net Expenditure reflects related charges for the depreciation of the right of use assets and interest on the lease liability in place of rental expenses and continue to reflect irrecoverable VAT where applicable on any leases as HM Treasury guidance on the application of IFRS 16 states this should not form part of the initial measurement of the right of use assets.

The agency has leased vehicles which fall into IFRS 16 categorisation. This treatment has been applied to all vehicle leased except those which are short-term (less than 12 months) which will continue to be treated as expenses on a straight-line basis in the Statement of Comprehensive Net Expenditure for the duration of the lease term. The agency has applied a rate of interest taken from the lease contract for vehicles. Cost has been used as an appropriate proxy for current value in existing use of vehicles as they have a relatively short useful life.

1.7 Defra properties occupied by the agency

For 2023-24, the full cost of occupation of buildings that are either owned or leased by Defra is reflected within the Statement of Comprehensive Net Expenditure as part of 'Corporate overhead recharge (notional)', see Note 3. The costs are determined by Defra based on proportionate occupation of the properties and include rates, utilities, management overheads, and associated capital charges. For Defra leasehold properties this also includes rental costs.

The Defra Management Committee estates strategy states that the default position is that lease breaks are exercised. Defra undertakes a detailed annual review on the material lease exits to confirm this judgement holds true. This has the implication of recognising the lease commitment (and any depreciation) to the lease break date. If however, the evidence suggests that it is unlikely individual lease breaks will be exercised, the commitment is assumed to be until the end of the lease.

1.8 Agency scheme expenditure and income

Schemes administered on behalf of Defra

Where RPA makes payments on behalf of another government body which is acting as the controlling entity, expenditure and income for such schemes will be recognised by them.

Assets and liabilities relating to these schemes are reported in the agency's Statement of Financial Position along with a corresponding intra-governmental balance. During the 2022-23 financial year payments made by the agency on schemes forming part of the Rural Development Programme for England were reported as expenditure and income in Defra's financial statements, with corresponding movements through the agency's General Fund. This presentation changed on 1 April 2023. See Note 1.10 for further details.

At 31 March 2024, there was only one scheme being administered by the agency for Defra - XL Bully, and this closed to applicants on 31 January 2024.

All other schemes

Expenditure and income relating to all other schemes is recognised in the accounts of the agency and is presented within Note 5. The accounting policies applying to expenditure under UK Exchequer funded schemes, and to both expenditure and income under European Commission funded schemes are described separately below.

UK Exchequer funded schemes

For all UK Exchequer funded schemes, expenditure is recognised by the agency when both of the following criteria are judged to be met:

a) The customer has fulfilled their performance obligations in line with the applicable scheme rules and regulations; and

b) The value of the claim can be reliably estimated by the agency.

This commonly results in expenditure being recognised on receipt of claims, or annual declarations from customers. However, expenditure may be recognised later when claims, or declarations are received in advance of other underlying performance obligations being completed by the customer. This is the case for the Basic Payment Scheme, where recognition is the later of the receipt of claims, and the 15 May eligibility date when claimants must have land at their disposal, because making a claim is a necessary performance obligation in order to receive payment under the scheme. Similarly, expenditure relating to Sustainable Farming Incentive revenue agreements is recognised on the latter of receipt of a customer's annual declaration and the final day of their agreement year, as submitting an annual declaration is a performance obligation for claimants.

Delinked payments will replace the Basic Payment Scheme in England in 2024 and will reduce in value each year until these payments finish. These reductions are known as progressive reductions.

The full value of delinked payments has been recognised during the 2023-24 financial year, in line with the recognition point of Basic Payment Scheme 2023 expenditure, as eligibility for delinked payments is linked to the submission of valid Basic Payment Scheme claims.

Because progressive reduction rates for 2024 have been published, there is considerable certainty over the value of delinked payments for that year. Therefore, this proportion of expenditure has been recognised in the Statement of Financial Position as an accrual. The value of delinked payments in 2025 onwards is subject to greater uncertainty and has therefore been recognised as a provision. The provision is measured at present value using discount rates issued by HM Treasury. See Note 1.20(c) for further details of the estimation uncertainty associated with the provision element of delinked payments and Note 12.2 for details of the delinked payments values recognised within the Statement of Financial Position.

The agency enters into multi-annual agreements in respect of some schemes. In accordance with the recognition criteria above, where such agreements contain obligations that customers have not yet performed, those elements of the agreements are not recognised as expenditure. The agency discloses the extent of these unrecognised commitments in Note 17. To the extent that customers meet their future performance obligations, the agency expects that these commitments will be recognised as expenditure in future years.

Devolved administrations

RPA administers several schemes for all UK claimants. Principally these schemes comprise of the Fruit & Vegetables Scheme and School Milk Scheme. Where RPA makes payments to claimants outside of England these amounts are reclaimed from the associated devolved administrations in Scotland, Wales, and Northern Ireland.

This income is recognised by the agency when it is probable that it will receive a reimbursement from the devolved administration for scheme expenditure incurred and the amount to be received is considered reliably measurable.

These conditions are deemed to be met at the point the related scheme expenditure is recognised. The income is presented within the UK funded schemes section of Note 5.

European Commission funded schemes

European Commission funding for EU schemes recognised within the agency's accounts prior to 1 April 2023 ceased on 15 October 2020 and was replaced by UK Exchequer funding from that point onwards. These schemes were principally the Basic Payments Scheme, Fruit and Vegetables Scheme, and School Milk Scheme. However, the agency continues to recover debts from farmers in relation to scheme payments which were originally funded by the European Commission and continues to repay a proportion of the monies recovered to the European Commission.

These recoveries are presented as negative expenditure, whilst the corresponding repayments to the European Commission are presented as negative income. Entries are against expenditure and income, rather than the Statement of Financial Position, since the RPA is recovering and paying over money owed by customers ultimately to the European Union, rather than owed by customers to the agency itself.

EU funding for legacy Rural Development Programme for England schemes ceased during January 2023 when the EU budget allocated to England was fully consumed. Prior to 1 April 2023 such schemes were recognised in Defra's accounts. On 1 April 2023, control of legacy Rural Development Programme for England schemes passed to the agency from Defra, and the agency altered its accounting policy for the EU funded element of these schemes. See Note 1.10 for further details.

1.9 Other UK paying agencies expenditure and income

Other UK paying agencies have continued to administer payments to customers throughout the year under the European Agricultural Fund for Rural Development. These payments are funded by the agency and are subsequently recovered by the agency from the European Commission.

Scheme expenditure in relation to funding provided by the agency is recognised when the agency has a present obligation to fund a payment to the other UK paying agencies and the amount payable is considered reliably measurable and probable. These conditions are deemed to be met upon the receipt of a funding request from the other UK paying agencies, adjusted for any over or underfunding to the paying agencies calculated at period end. Funds provided to other paying agencies in advance of these points are treated as prepayments. As accredited paying agencies, other UK paying agencies are responsible for the regularity and propriety of payments issued to their ultimate beneficiaries.

Scheme income in relation to funding provided to the other UK paying agencies is recognised by the agency when it is probable that it will receive reimbursement from the European Commission for scheme expenditure incurred and the amount to be received from the European Commission is considered reliably measurable. These conditions are deemed to be met at the point that the related scheme expenditure is recognised.

All expenditure and income related to the funding of other UK paying agencies is presented in Note 6.

The impact of any foreign exchange movements between the claim date and the date of actual reimbursement by the European Commission are borne by the agency and accordingly recognised in the Statement of Comprehensive Net Expenditure.

1.10 European Commission funding of schemes administered by the agency

Up until 31 March 2023, rural development expenditure under the Rural Development Programme for England was managed by the agency on behalf of Defra. Accordingly, scheme expenditure and income were reported in Defra's resource accounts with transfers reported as movements through the General Fund. Payments to customers made on behalf of Defra, and recoveries received from the European Commission on behalf of Defra are disclosed within the Statement of Cash Flows under the Financing Activities heading as this best reflects their nature as cash flow items only for the agency.

As of 1 April 2023, EU funding was exhausted and Defra's status as the controlling Managing Authority for RDPE ceased to be meaningful. As a result, control of the scheme passed to the agency. Therefore, from 1 April 2023, all RDPE expenditure and income are now recognised as expenditure and income within the agency's Statement of Comprehensive Net Expenditure.

Note that because Defra recognised expenditure for these schemes, on average, in advance of cash payments being made the agency has continued to make cash payments to claimants on behalf of Defra during the 2023-24 financial year to settle in cash terms expenditure which was accrued by Defra during financial year 2022-23. As explained above these payments are disclosed within the Statement of Cash Flows under the Financing Activities header.

The agency recognises expenditure for EU funded Rural Development Programme for England schemes at the end of the agreement year, as this best reflects the underlying nature of activities paid for under these schemes

The impacts of any foreign exchange movements between the claim date and the date of actual reimbursement by the European Commission are borne by the agency and accordingly recognised within the Statement of Comprehensive Net Expenditure.

1.11 Value Added Tax (VAT)

Defra and its executive agencies share a single VAT registration. Most activities relating to the group are outside the scope of VAT.

As a result, input tax cannot generally be recovered. However, under an HM Treasury concession applying to government departments, limited input VAT recovery may be possible on certain specified contracted out services attributable to those activities. For those limited activities where output VAT is charged, directly attributable input VAT can be recovered under the normal rules.

In all instances, where output tax is charged, and input tax is recoverable, amounts are stated net of VAT. Where input tax cannot be recovered, amounts are stated inclusive of VAT.

1.12 Foreign currency transactions

The functional and presentational currency of the agency is sterling. The agency receives reimbursements from the European Commission in euros for funds administered by the agency and other UK paying agencies in relation to the Rural Development Programme and in accordance with respective scheme rules and regulations.

These foreign currency transactions are recognised as scheme expenditure and scheme income at the rates of exchange prevailing on the dates of recognition of those transactions as described in Notes 1.9, and 1.10. At each Statement of Financial Position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences are recognised in the Statement of Comprehensive Net Expenditure in the period in which they arise.

1.13 Derivative financial instruments

The agency enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk arising on the reimbursement, by EU, of this expenditure. Further details of derivative financial instruments are disclosed in Note 13.

Note that, despite a number of schemes ceasing to be EU funded, the agency continues to be exposed to foreign exchange risk in respect of reimbursements due from the EU. The agency also continues to fund the devolved authorities for their rural development programmes and continues to manage the resulting foreign exchange risk which arises on the ongoing reimbursement of CAP expenditure. Therefore, the agency continues to hold derivative contracts to mitigate this exposure.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting period date. The resulting gain or loss is recognised in the Statement of Comprehensive Net Expenditure immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

A derivative is presented as a current asset or current liability if the remaining maturity of the instrument is less than 12 months or is greater than 12 months but is expected to be realised or settled within 12 months. The agency does not enter into derivative arrangements for speculative purposes.

The agency does not perform designated hedge accounting.

1.14 Trade receivables

Trade and other receivables primarily represent amounts expected from the EC, other government agencies, and customers under various schemes administered by the agency. Trade and other receivables are classified under IAS 32 Financial Instruments as financial assets.

The business model of the agency is to collect payments of principal, and interest where applicable, from its debtors. In general, the largest receivables owed to the agency, tend to be public sector entities or the EC in respect of money owed for schemes processed, to which no real prospect of default applies.

The agency has no non-current receivables or any receivables where a financing component has been applied. Therefore, the agency recognised its receivables at fair value, and holds them at amortised cost which for receivables with no financing component, is the invoiced amount, less provision for expected credit losses.

Expected credit losses

The agency has reviewed receivable balances against the creditworthiness of the related customers. For those customers that are not other government agencies or the EU, the agency has policies and procedures in place to ensure credit risk is kept to a minimum.

These include netting receivable balances owed to the agency against scheme payments the agency is obliged to make to those customers, contacting customers with overdue receivable balances by letter, phone, and e-mail, and in some cases offering them sensible repayment terms to recover sums owed. The agency is therefore not exposed to material credit risk.

Because receivables are short-term in nature with no financing component the simplified model has been applied in which the loss allowance is equal to lifetime expected credit losses. Credit losses are recognised in the Statement of Comprehensive Net Expenditure and measured as the present values of the differences between the contractual cash flow, and the estimated future cash flow.

The estimated future cash flows are determined after considering, amongst other things, the impact of agreed payment plans with customers, amounts expected to be recovered through interception (the process of offsetting a customer's receivables against a future scheme payment) and historic collection data for customers who have left the scheme.

1.15 Pensions

Present and past employees of the agency are covered by the provisions of four separate defined benefit schemes called Principal Civil Service Pension Schemes (PCSPS), and from 1 April 2015 a career average basis scheme called alpha, which are described in Note 2.2.

PCSPS is a multi-employer defined benefit scheme where, as one of many participating organisations, the RPA is unable to identify its share of the underlying assets and liabilities. Accordingly, per IAS 19, the RPA accounts for this scheme as it were a defined contribution scheme and recognises the costs of these contributions as they fall due.

The agency is not liable for the obligations of other entities within the scheme. Further details of the pension arrangements of this scheme can be seen within the Cabinet Office Civil Superannuation Annual Reports.

The agency cannot identify its share of underlying assets and liabilities for these defined benefit schemes. Therefore, the agency recognises the expected cost of these pension schemes on a systematic and rational basis over the period during which it benefits from employees' services by payment to the five pension schemes calculated on an accruing basis. Liability for future benefits is a charge on the pension schemes on an accruing basis. The agency does not make contributions to any other pension scheme.

From 1 April 2022, all employees who remain members of the PCSPS legacy pension schemes (Classic, Classic Plus, Premium and Nuvos) transferred to the alpha career average scheme. Their contributions towards the legacy schemes ceased from 1 April 2022, and future benefits will be accrued under the rules applicable for the alpha scheme.

1.16 Provisions

Provisions are recognised when the agency has a legal or constructive present obligation as a result of a past event, it is probable that the agency will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset only if it is virtually certain that reimbursement will be received, and the amount of the reimbursement can be measured reliably.

1.17 Early departure costs

The agency is required to meet the additional costs of benefits before normal retirement age in respect of employees who retire under early severance and early retirement schemes. The agency provides for this when a formal letter has been issued to the employee giving a leaving date and severance terms.

1.18 Contingent liabilities

In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, a contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of the entity; or a present obligation that arises from past events but is not recognised because (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability.

In addition to contingent liabilities disclosed in accordance with IAS 37, the agency discloses for Parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

1.19 Operating segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the agency that are regularly reviewed by the Chief Operating Decision Maker to allocate resources to the segments and to assess their performance. The agency has identified the Chief Executive Officer as the Chief Operating Decision Maker. The required granular information is disclosed in the accounts in Note 3 and Note 4 for running costs and Note 5 and Note 6 for scheme because these notes are reflective of the information presented to senior management and relevant decision makers.

For segmental reporting during 2023-24, Defra uses major areas of spend as reported monthly to the Defra Management Committee. The agency represents one of these discrete areas of spend. As in previous years, the Chief Executive Officer continued to review and monitor the agency's operational and financial performance at this aggregated level as presented in Defra's financial statements.

1.20 Critical accounting judgements and key sources of estimation uncertainty

The Chief Executive Officer, in his capacity as Accounting Officer, uses judgement in making estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the accounting period in which the estimate is revised, and if the revision also affects future periods in these periods as well. In reviewing these estimates, we consider the extent to which these could possibly vary and whether such a variation could indicate the need for a material adjustment to the accounts. There is nothing in the current review to indicate that a variation of a material amount could arise.

The following are the critical judgements, which the Chief Executive Officer, in his capacity as Accounting Officer, has made in the process of applying the agency's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

a. Recoverability and useful lives of intangible assets

In capitalising internally developed applications and bespoke IT software projects and licences and packages developed by third parties, the Chief Executive Officer, in his capacity as Accounting Officer, makes judgements and estimates when assessing whether the costs incurred meet the criteria for capitalisation in the accounting standards, whether the capitalised software will continue to provide sufficient benefit to the agency to support its carrying amount, and whether the useful life of the existing capitalised, internally generated intangible assets remains appropriate.

Key factors driving useful life and impairment assessments include estimates of the expected future life span of the current schemes administered by the agency and the expected use of some or all of the current functionalities of the current capitalised intangible assets in pilots and succession schemes.

b. Estimated amounts for claims not yet paid

In line with the policy set out in Note 1.8, RPA typically recognises UK funded scheme expenditure upon the receipt of claims (or later if the claimant has other obligations to fulfil). This is prior to claims being fully checked and validated by RPA. In preparing the accounts RPA makes an estimate of the actual amounts which are likely be paid in order to settle the claims received.

c. Estimated progressive reduction rates for delinked payments

As set out in Note 1.8, RPA has recognised an expense during 2023-24 for the value of all delinked payments.

Delinked payments are subject to progressive reductions, which decrease the value of payments each year from 2024 to 2027. Progressive reduction rates for 2025 and onwards have not yet been published, and therefore management have used judgement and historical trends to estimate future progressive reduction rates.

1.21 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less. The carrying amount of these assets approximates their fair value. Bank overdraft amounts are included within trade and other payables in the Statement of Financial Position.

1.22 General Fund

The General Fund represents the total assets less liabilities of the agency, to the extent that the total is not represented by other reserves. Financing by Defra is credited to the General Fund. When the agency makes repayments of financing to Defra these are debited to the General Fund.

1.23 Financial penalties

The agency receives income through reimbursement of scheme expenditure from the European Commission. This includes reimbursements of payments made by other UK paying agencies, see Note 1.9.

The European Commission may apply financial penalties to any of the paying agencies if they consider there to be infringement of scheme regulations. These penalties, referred to as “financial corrections” or “disallowance”, are typically deducted retrospectively from reimbursements. Due to the time taken for the Commission to assess possible penalties, corrections may continue to arise for several years after the UK’s exit from the European Union.

Financial penalties attributable to schemes administered by the agency are recognised as a loss in the Statement of Comprehensive Net Expenditure of the core department, not within the agency’s accounts. The shortfall in reimbursement is shown as a funding transfer through the agency’s Statement of Changes in Taxpayers’ Equity when the reimbursement takes place.

With effect from 1 April 2023 onwards, all RDPE expenditure and recoveries have been recognised within the agency’s financial statements. However, all disallowance charges and similar EU financial penalties, relating to RDPE expenditure incurred by Defra prior to 1 April 2023, have continued to be recorded in Defra’s financial statements as Defra retains responsibility for those historic transactions.

Financial penalties attributable to schemes administered by other UK paying agencies are charged to those agencies at the point the European Commission deduct it from their reimbursement. Consequently, these financial penalties have no impact on the agency’s own expenditure and income and are reported within Note 6 Other paying agencies expenditure and income.

1.24 Corporate overhead recharge (notional)

Defra Corporate overhead recharge services costs, comprising charges for legal, HR, IT, estates, procurement, and shared services including payroll and financials, are recognised by the agency as notional charges, with the core department recording the associated credit. The agency still benefits from the use of these corporate services, but the full budgets are retained by Defra to procure and manage the services more efficiently and effectively. The annual non-cash charges for these services made by Defra to the agency are settled on a notional (non-cash) basis to avoid unnecessary cash flows between the department and the agency; this settlement is reflected directly in equity since it constitutes a contribution from Defra as a controlling party of an equal amount to the recharge itself, which is recognised in the Statement of Comprehensive Net Expenditure.

1.25 Adoption of new and revised standards

The following reporting standard will become effective for accounting periods after 1 January 2024:

IFRS 17 Insurance contracts

IFRS 17 Insurance Contracts becomes effective, subject to adoption into the FReM, for accounting periods commencing on, or after, 1 January 2025. It requires a discounted cash flow approach to measuring insurance liabilities. The agency has assessed that there are no arrangements that currently fall within scope and therefore this standard will have no impact on the financial statements. The agency does not expect any other new, or revised standard, or interpretation to have a material impact.

2. Staff numbers and related costs

2.1 Staff costs comprise:

	Permanently employed staff (£000)	Year to 31 March 2024 Total (£000)	Permanently employed staff (£000)	Year to 31 March 2023 Total (£000)
Wages and salaries	**80,795**	**80,795**	69,152	69,152
Social security costs	**8,073**	**8,073**	6,781	6,781
Other pension costs	**19,858**	**19,858**	17,775	17,775
Early retirement and early severance costs expensed in the year	**-**	**-**	49	49
	108,726	**108,726**	93,757	93,757
Less recoveries in respect of secondments		**(2,003)**		(211)
Agency staff		**377**		4,353
Contractors		**757**		589
Total staff costs		**107,857**		98,488

No staff costs have been capitalised (2022-23: £nil).

Average number of persons employed

The average number of full-time equivalent persons employed (including senior management and agency staff) during the year are disclosed in the Staff Composition section of the Staff Report.

Individual contractors engaged to fill temporary or permanent vacancies, or provide additional resource are included within staff costs in Note 2.1. Where firms have been engaged to provide services, they are not considered to be employees and are excluded from staff costs in Note 2.1 and are reflected within Non-IT professional services in Note 3.

2.2 Pension schemes

For 2023-24, employers' contributions of £19.7 million were payable to the PCSPS (2022-23: £17.5 million) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands.

The scheme actuary valued the PCSPS as at 31 March 2020. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation.

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2023-24 to be paid when the members retire and not the benefits paid during this period to existing pensioners.

Employers' contributions of £231k (2022-23: £219k) were paid to the Legal & General Mastertrust stakeholder pension provider. Employer contributions are age-related and ranged from 8% to 14.75 %.

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £7.9k (2022-23: £7.6k), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the Statement of Financial Position date were £18.8k (2022-23: £18.7k). There were no prepaid contributions at that date.

2.3 Reporting of Civil Service and other compensation schemes - exit packages

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. Where the agency has agreed early retirements, the additional costs are met by the agency and not by the civil service pension scheme for 2023-24 the agency reports £Nil of such costs (2022-23: £49k).

During the year to 31 March 2024 there were no compulsory redundancies (2022-23: none) and no voluntary redundancies (2022-23: none).

3. Other running costs

	Note	Year to 31 March 2024 (£000)	Year to 31 March 2023 (£000)
Non-cash items (including notional charges)			
Corporate overhead recharge (notional)[1]		**82,371**	48,660
Loss on disposal of non-current assets[2]	**7,8**	**1,273**	25
Depreciation	**7**	**216**	158
Amortisation	**8**	**12,849**	11,789
		96,709	60,632
Other expenditure			
Accommodation		**55**	11
IT costs		**1,979**	2,356
Non-payroll staff costs		**2,249**	2,262
Communications costs		**1,943**	1,849
Non-IT professional services		**7,370**	6,324
Finance lease interest		**51**	20
Certification Body (NAO) grant certification fee		**-**	1,995
Other running costs		**39**	77
		13,686	14,894
Total		**110,395**	75,526

1. *Services and facilities provided by Defra.*
2. *During the year the agency removed an intangible capitalised asset from its asset register. These were configuration costs for a software as a service (SaaS) arrangement held on the cloud. Under an IFRIC cloud computing ruling these costs should have been treated as part of the service contract. The removal of the asset from the agency's asset register has consequently generated a £1.3 million loss on disposal in 2023-24.*

The agency does not directly meet the costs of certain services that are provided centrally by Defra. These services are agreed and managed through service level agreements between the agency and Defra.

The agency reports these notional recharges to accurately reflect the true costs of operations, with a matching credit recorded in the General Fund.

The Corporate overhead recharge (notional) comprises:

	Year to 31 March 2024 (£000)	Year to 31 March 2023 (£000)
Estate Management costs	**10,080**	9,361
Information Technology	**62,883**	29,859
Human Resources services	**1,422**	2,069
Legal services	**650**	258
Communications	**526**	600
Corporate strategy	**1,277**	2,083
Shared services including payroll and financial	**5,213**	4,184
Auditors' remuneration and expenses	**320**	246
Total	**82,371**	48,660

Included in Information technology costs above, for 2023-24 are project development costs totalling £31.8 million (2022-23: £nil). These costs were incurred to ensure the agency can implement and manage domestic agricultural policies and schemes. The costs relate to development work on the Farming and Countryside Programme, covering Sustainable Farming Incentive, Countryside Stewardship, Landscape Recovery, and associated grant funding schemes. The work included internet web content management, system changes and decommissioning, and customer portals builds.

During the year to 31 March 2024, the agency received no non-audit services from the NAO (2022-23: £nil).

Included in Notes 2 and 3 for 2022-23, are the costs associated with the UK Co-ordinating Body which are summarised in the following table:

	Year to 31 March 2024 (£000)	Year to 31 March 2023 (£000)
Payroll costs	**-**	412
Other costs	**-**	152
Certification Body (NAO) grant certification fee	**-**	1,995
Total	**-**	2,559

The UK Co-ordinating Body is an independent body, whose function is to ensure that all paying agencies maintain their accreditation status and effectively administer CAP.

From 1 April 2023, UK Co-ordinating Body budgets transferred to Defra, hence for 2023-24 onwards all UK Co-ordinating Body costs and staff numbers will be reported in Defra's Annual Report and Accounts.

4. Running costs income

	Year to 31 March 2024 (£000)	Year to 31 March 2023 (£000)
British Cattle Movement Service (BCMS)	**(2,443)**	(2,374)
Other running costs income	**(80)**	(77)
Total	**(2,523)**	(2,451)

The agency also received income in 2023-24 for services it provides for the BCMS on behalf of Defra of £2.4 million (2022-23: £2.4 million).

5. Schemes administered by the agency

	Year to 31 March 2024			Year to 31 March 2023		
	Expenditure (£000)	Income (£000)	Net (£000)	Expenditure (£000)	Income (£000)	Net (£000)
UK Funded schemes[1]						
Basic Payment Scheme[3]	**1,088,449**	**-**	**1,088,449**	1,370,326	-	1,370,326
Basic Payment Scheme – Delinked Payments[4]	**1,605,467**	**-**	**1,605,467**	-	-	-
Countryside Stewardship[6]	**561,308**	**-**	**561,308**	271,424	-	271,424
Environmental Stewardship[6]	**109,353**	**-**	**109,353**	-	-	-
Farming Equipment and Technology Fund	**34,199**	**-**	**34,199**	32,701	-	32,701
Fruit & Vegetables	**36,674**	**(3,054)**	**33,620**	40,492	(4,819)	35,673
Sustainable Farming Incentive	**32,996**	**-**	**32,996**	12,490	-	12,490
Farming Transformation Fund	**11,547**	**-**	**11,547**	1,814	-	1,814
Lump Sum Exit	**9,152**	**-**	**9,152**	14,214	-	14,214
Socio Economic[6]	**4,206**	**-**	**4,206**	-	-	-
Legacy and Environmental Grants[6]	**2,792**	**-**	**2,792**	-	-	-
School Milk	**5,934**	**(3,879)**	**2,055**	5,703	(3,144)	2,559
Animal Health & Welfare Programme	**1,385**	**-**	**1,385**	18	-	18
Other Schemes (see breakdown below)	**1,786**	**(500)**	**1,286**	1,922	(327)	1,595
Total UK Funded schemes	**3,505,248**	**(7,433)**	**3,497,815**	1,751,104	(8,290)	1,742,814

5. Schemes administered by the agency (continued)

	Year to 31 March 2024			Year to 31 March 2023		
	Expenditure (£000)	Income (£000)	Net (£000)	Expenditure (£000)	Income (£000)	Net (£000)
EU Funded schemes[2]						
Socio Economic[6]	**(782)**	**32**	**(750)**	-	-	-
Environmental Stewardship[6]	**10,914**	**(11,432)**	**(518)**	-	-	-
Basic Payment Scheme[3]	**(250)**	**71**	**(179)**	(264)	327	63
Fruit & Vegetables	**-**	**-**	**-**	-	1	1
Countryside Stewardship	**(439)**	**513**	**74**	-	-	-
Legacy Environmental Grants[6]	**(95)**	**158**	**63**	-	-	-
Other Schemes	**-**	**47**	**47**	-	9	9
Total EU Funded schemes	**9,348**	**(10,611)**	**(1,263)**	(264)	337	73

5. Schemes administered by the agency (continued)

	Year to 31 March 2024 Expenditure (£000)	Year to 31 March 2024 Income (£000)	Year to 31 March 2024 Net (£000)	Year to 31 March 2023 Expenditure (£000)	Year to 31 March 2023 Income (£000)	Year to 31 March 2023 Net (£000)
Other costs						
Realised exchange (gain)/loss	**-**	**(831)**	**(831)**	472	-	472
Unrealised exchange loss/(gain)	**453**	**-**	**453**	-	(1,214)	(1,214)
Cost of hedging contracts	**-**	**(2,186)**	**(2,186)**	-	(1,414)	(1,414)
Sustainable Farming Incentive Special Payments	**11,553**	**-**	**11,553**	-	-	-
Other scheme related costs[5]	**1,766**	**(225)**	**1,541**	819	(681)	138
Total of other costs	**13,772**	**(3,242)**	**10,530**	1,291	(3,309)	(2,018)
Total scheme expenditure/(income)	**3,528,368**	**(21,286)**	**3,507,082**	1,752,131	(11,262)	1,740,869

1. *UK funded scheme expenditure relates to amounts paid to customers on or after 16 October 2020, for which there is no European Commission funding as a result of the UK's exit from the European Union. Income in respect of UK funded schemes relates to amounts due from the devolved administrations in Scotland, Wales and Northern Ireland for schemes administered by RPA on a UK wide basis, see Note 1.8 for further details.*
2. *European Commission funding ceased for the Basic Payments Scheme and Fruit and Vegetables Scheme on 15 October 2020, and for the other named EU funded schemes during January 2023. However, the agency continues to recover debts from customers in relation to scheme payments which were originally funded by the European Commission and continues to repay a proportion of the monies recovered to the European Commission. These recoveries are presented as negative expenditure. Income and expenditure figures for these schemes are not equal due to variances in foreign exchange rates, and because of some schemes being jointly funded in differing proportions by the European Commission and UK Exchequer.*
3. *Direct payments are being phased out in England. Progressive reductions to payments began with BPS scheme year 2021 payments expenditure figure and will continue until the final direct payments are made in 2027. This accounts for the reduction in BPS expenditure in 2022-23, relative to 2021-22. BPS expenditure and income under 'EU Funded schemes' relates to the recovery and onward payment of EU customer debts, see Note 1.8.*
4. *This is the first-year delinked payments are being made. The above delinked payments relate to accruals, that are due to be paid in August and December 2024 of £808.2 million, see Note 11. And provisions of £797.3 million, for financial years 2024 to 2027, see Note 12.*
5. *Other scheme related costs include losses, special payments, legal fees, and movements in the expected credit losses for receivables.*
6. *With effect from 1 April 2023, both UK funded and EU funded expenditure and income under the RDPE programme has been recognised and presented within RPA's Statement of Comprehensive Net Expenditure. Prior to this date this expenditure and income was recognised by Defra, see Note 1.10. Comparative figures have not been affected. Countryside Stewardship £561.3 million includes £14.3 million of legacy RDPE expenditure as a result of this transfer.*

UK funded schemes – Other Schemes comprises:

	Year to 31 March 2024			Year to 31 March 2023		
	Expenditure (£000)	Income (£000)	Net (£000)	Expenditure (£000)	Income (£000)	Net (£000)
Fly-tipping	**995**	**-**	**995**	778	-	778
UK National Honey Programme	**294**	**-**	**294**	300	-	300
Promotions	**500**	**(500)**	**-**	262	(262)	-
Beef Carcass Classification	**(3)**	**-**	**(3)**	-	-	-
Slaughter Incentive Payment Scheme	**-**	**-**	**-**	376	-	376
Private Storage Aid	**-**	**-**	**-**	206	-	206
Single Payment Scheme	**-**	**-**	**-**	-	(65)	(65)
Total other schemes expenditure/(income)	**1,786**	**(500)**	**1,286**	1,922	(327)	1,595

6. Other paying agencies

	Year to 31 March 2024			Year to 31 March 2023		
	Expenditure (£000)	Income (£000)	Net (£000)	Expenditure (£000)	Income (£000)	Net (£000)
Other paying agencies						
Scottish Government Rural Payments and Inspections Division	**12,039**	**(11,897)**	**142**	21,468	(21,448)	20
Welsh Government	**57,843**	**(57,578)**	**265**	66,964	(66,926)	38
Department of Agriculture, Environment and Rural Affairs, Northern Ireland	**15,272**	**(15,240)**	**32**	11,289	(11,268)	21
Total scheme expenditure/(income)	**85,154**	**(84,715)**	**439**	99,721	(99,642)	79

The agency is required to provide funding to other paying agencies in order to allow them to make payments under EU funded schemes. The associated income claimed from the European Commission, is presented alongside the funding provided.

7. Property, plant and equipment

	Information technology hardware and office furniture (£000)	Right of use (£000)	Total (£000)
Valuation			
At 1 April 2023	**760**	**490**	**1,250**
Additions	**-**	**588**	**588**
Disposals	**(69)**	**(36)**	**(105)**
At 31 March 2024	**691**	**1,042**	**1,733**
Depreciation			
At 1 April 2023	**760**	**154**	**914**
Charged in year	**-**	**216**	**216**
Disposals	**(69)**	**(35)**	**(104)**
At 31 March 2024	**691**	**335**	**1,026**
Net Book Value			
At 1 April 2023	-	336	336
At 31 March 2024	**-**	**707**	**707**
Assets Financing			
Owned	**-**	**-**	**-**
Financed lease	**-**	**707**	**707**
Net Book Value at 31 March 2024	**-**	**707**	**707**

Included in property, plant and equipment are assets with a historic cost of £0.7 million (31 March 2023: £0.8 million), which have been fully depreciated. These assets are still in use by the agency.

	Information technology hardware and office furniture (£000)	Right of use (£000)	Total (£000)
Valuation			
At 1 April 2022	871	345	1,216
Additions	-	145	145
Disposals	(111)	-	(111)
At 31 March 2023	760	490	1,250
Depreciation			
At 1 April 2022	867	-	867
Charged in year	4	154	158
Disposals	(111)	-	(111)
At 31 March 2023	760	154	914
Net Book Value			
At 1 April 2022	4	345	349
At 31 March 2023	-	336	336
Assets Financing			
Owned	-	-	-
Financed lease	-	336	336
Net Book Value at 31 March 2023	-	336	336

8. Intangible assets

	Information technology (£000)	Development expenditure (£000)	Total (£000)
Valuation			
At 1 April 2023	**188,296**	**-**	**188,296**
Additions	**2,252**	**210**	**2,462**
Disposals	**(5,372)**	**-**	**(5,372)**
Revaluations	**11,274**	**-**	**11,274**
At 31 March 2024	**196,450**	**210**	**196,660**
Amortisation			
At 1 April 2023	**133,659**	**-**	**133,659**
Charged in year	**12,849**	**-**	**12,849**
Disposals	**(4,100)**	**-**	**(4,100)**
Revaluations	**7,672**	**-**	**7,672**
At 31 March 2024	**150,080**	**-**	**150,080**
Net Book Value			
At 1 April 2023	54,637	-	54,637
At 31 March 2024	**46,370**	**210**	**46,580**
Assets Financing			
Owned	**46,370**	**210**	**46,580**
Net Book Value at 31 March 2024	**46,370**	**210**	**46,580**

During the year to 31 March 2024 there were £nil impairment losses (2022-23: £nil).

Included in intangible assets are assets with a historic cost of £33.1 million (31 March 2023: £35.2 million) which have been fully amortised. These assets are still in use by the agency.

The historic cost net book value for intangible assets as at the Statement of Financial Position date is £36.0 million (2022-23: £44.7 million).

Included in intangible assets are software assets provided by Defra to deliver rural scheme payments. These intangible assets had a historic cost of £114.5 million and at 31 March 2024 a net book value of £36.0 million, with four years remaining amortised life ending 31 March 2028 to coincide with the agricultural transitional plan.

During the year to 31 March 2024 the agency had £2.3 million intangible assets transferred from Defra through General Funds (2022-23: £11.6 million). For both 2023-24, and 2022-23, these were notional transfers from a controlling party, Defra. Consequently, as non-cash items, the assets provided are not disclosure within the Statement of Cash Flows for 2023-24 or 2022-23.

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8. Intangible assets (continued)

	Information technology (£000)	Total (£000)
Valuation		
At 1 April 2022	167,089	167,089
Additions	11,604	11,604
Disposals	(2,113)	(2,113)
Revaluations	11,716	11,716
At 31 March 2023	188,296	188,296
Amortisation		
At 1 April 2022	116,707	116,707
Charged in year	11,789	11,789
Disposals	(2,089)	(2,089)
Revaluations	7,252	7,252
At 31 March 2023	133,659	133,659
Net Book Value		
At 1 April 2022	50,382	50,382
At 31 March 2023	54,637	54,637
Assets Financing		
Owned	54,637	54,637
Net Book Value at 31 March 2023	54,637	54,637

9. Trade receivables and other current assets

Amounts falling due within one year:

	31 March 2024 (£000)	31 March 2023 (£000)
Due from Defra and its agencies	**1,111**	529
Due from other government departments (including OPAs)	**6,141**	8,540
VAT recoverable	**477**	780
Total Intra-government balances	**7,729**	9,849
Trade receivables	**3,108**	3,860
Less expected credit loss for receivables[1]	**(1,256)**	(320)
	1,852	3,540
Due from European Agricultural Guarantee Fund/European Agricultural Fund for Rural Development	**217,163**	212,772
Prepayments and other receivables	**38,778**	8,375
Total other receivables	**257,793**	224,687
Total receivables	**265,522**	234,536

1. *With effect from 1 April 2023, control of rural development expenditure under the RDPE, previously reported in Defra's resource accounts, passed from Defra to RPA, see policy Note 1.10. The expected credit loss figure reported above, therefore includes RDPE potential credit losses for the first time. At 31 March 2024, these RDPE expected credit losses were £0.9 million.*

The credit period for trade receivables invoices is nil except in those instances where an agreement is reached between the agency and the customer to allow for recovery through the interception of future payments or extended repayment terms are agreed. The agency has an ability to charge interest on overdue scheme balances.

10. Cash and cash equivalents

	31 March 2024 (£000)	31 March 2023 (£000)
Balances held at 1 April	**54,421**	329,767
Net cash inflow/(outflow)	**25,623**	(275,346)
Total balance	**80,044**	54,421

The following balances were held at 31 March:

	31 March 2024 (£000)	31 March 2023 (£000)
Government Banking Services	**80,044**	54,421
Total balance	**80,044**	54,421

Included within the cash held with Government Banking Services at 31 March 2024, are cash securities of £2.6 million (31 March 2023: £4.0 million) received from import and export traders and held by the agency within a public bank account. These are payments made to the agency to ensure these traders comply with the obligations associated with the import and export licences they have been issued. If a trader does not meet these obligations, they may forfeit these cash securities with the cash being retained by the agency.

At 31 March 2024, the cash equivalent balance was £nil (31 March 2023: £nil).

11. Trade payables and other current liabilities

Amounts falling due within one year:

	31 March 2024 (£000)	31 March 2023 (£000)
Due to Defra and its agencies	**1,437**	6,264
Due to other government departments (including OPAs)	**8,623**	5,413
Other taxation and social security	**1,681**	1,464
Total Intra-government balances	**11,741**	13,141
Trade payables[1]	**11,446**	10,920
Cash securities[2]	**2,558**	4,007
Scheme accruals (see below)	**955,033**	57,377
Running cost accruals	**2,961**	4,764
Other payables	**2,067**	1,873
Advance on Rural Development Programme[3]	**-**	22,990
Total other payables	**974,065**	101,931
Total payables	**985,806**	115,072

1. *Trade payables principally comprise amounts outstanding for claims to be paid to customers.*
2. *Traders wishing to undertake certain transactions under European Commission regulations are required to guarantee completion of the transaction by lodging a security with the agency. The security may be forfeited (in whole or in part) if the undertaking is not completely fulfilled. The security received is included within cash, see Note 10, with the corresponding liability with the trader shown above.*
3. *The advances of EU funds for the Rural Development Programme in England, Scotland and Northern Ireland of £23.0 million at 31 March 2023, were utilised in 2023-24.*

The agency considers that the carrying amount of trade and other payables approximates to their fair value.

Breakdown of scheme accruals

A scheme accrual of £955.0 million (2022-23: £57.4 million) has been recognised, which represents management's view of the most likely amounts due to individual claimants. Where possible accruals are based on internal data of when claims have been received and their value and checked whether they are still to be paid out. Accruals are also recognised where it is reasonable to expect that claimants have fulfilled their other obligations per their grant agreement where appropriate.

Scheme accruals for UK funded scheme expenditure	31 March 2024 (£000)	31 March 2023 (£000)
Basic Payment Scheme – Delinked Payments	**808,185**	-
Countryside Stewardship	**97,888**	29,074
Fruit & Vegetables	**15,575**	17,049
Sustainable Farming Incentive 2022[1]	**13,670**	-
Environmental Stewardship	**11,952**	-
Basic Payment Scheme	**1,917**	3,764
Farming Equipment and Technology Fund	**1,652**	654
Fly-tipping	**995**	111
School Milk	**899**	1,516
Socio Economic	**869**	-
Farming Transformation Fund	**801**	629
Lump Sum Exit	**440**	4,580
Legacy Environmental Grants	**190**	-
Total	**955,033**	57,377

1. *The accrual for SFI relates primarily to special payments due to customers in respect of the early closure of the SFI 2022 scheme, to allow for earlier adoption of the SFI 2023 scheme. For further information see the Parliamentary Accountability and Audit Report.*

12. Provisions

Scheme related provisions

	Delinked Payment (£000)	Other scheme[1] (£000)	Total (£000)
Balance at 1 April 2023	-	-	-
Provided in the year	791,241	180	791,421
Provision not required written back	-	-	-
Provision utilised in the year	-	-	-
Change in discount rate	(15,417)	-	(15,417)
Unwinding of discount	21,458	-	21,458
Balance at 31 March 2024	797,282	180	797,462

1. *Other scheme provisions are not material and hence are not discounted.*

HM Treasury discount rates are revised every year and notified by means of a public expenditure system (PES) paper. In accordance with the 2023 PES paper the agency has applied a short-term general provision discount rate of 4.26% to the agency's delinked payments.

The agency also has some cases where customers have challenged its decisions regarding their claim eligibility for scheme payments. This has been reviewed on a case-by-case basis, with provisions made where the agency considers payment to be probable and can be measured reliably. Other scheme provisions of £180k at 31 March 2024 relate to expected legal costs.

12.1 Analysis of timing of expected discounted cash flows

	Delinked Payment (£000)	Other scheme (£000)	Total (£000)
Not later than one year	-	180	180
Later than one year and not later than five years	797,282	-	797,282
Later than five years	-	-	-
Balance at 31 March 2024	797,282	180	797,462

12.2 Analysis of delinked payments provision

The provision for delinked payments relates to payments expected to be made to customers during the 2025-26 to 2027-28 financial years.

Delinked payments are subject to progressive reductions year on year. Progressive reduction rates for 2024 have been published and as such the value of delinked payments is known with a high degree of certainty.

Accordingly, the value of delinked payments for 2024 has been recognised as a scheme accrual in Note 11.

The value of delinked payments for 2025 onwards is subject to a degree of uncertainty because progressive reduction rates applicable to those years have not yet been published, and therefore could be subject to change. Management has exercised judgement in determining likely future progressive reduction rates and therefore expected cash payments. Expected cash payments have been discounted to account for the time value of money in line with HM Treasury's published rates. The following table sets out the gross value of expected future payments and the effect of discounting:

Financial year	2024-25 (£000)	2025-26 (£000)	2026-27 (£000)	2027-28 (£000)	Total (£000)
Expected cash payments	808,185	540,149	272,113	54,893	1,675,340
Effects of discounting	-	(34,479)	(27,777)	(7,617)	(69,873)
					1,605,467
Accrual at 31 March 2024	808,185	-	-	-	808,185
Provision at 31 March 2024	-	505,670	244,336	47,276	797,282
					1,605,467

The provision recognised in the table above assumes that the increases in progressive rates reduction rates for 2025 onwards will continue to follow the consistent pattern in published rates for earlier years.

This equates to the progressive reduction rate in each band continuing to increase by 15% year on year, until a full 100% reduction rate is reached, or until the final year of delinked payments in 2027-28.

The table below sets out the effect of alternative assumptions, in which the increase in progressive reduction rates for 2025 onwards is either reduced to 10% or increased to 20%.

	Assumed increase in progressive reduction rates	Provision value (£000)	Increase/(decrease) in provision value (£000)	Increase/(decrease) in net operating cost (£000)
Provision as reported at 31 March 2024	15%	797,282	-	-
If progressive reduction rates increase more slowly at 10% per year	10%	1,228,744	431,462	431,462
If progressive reduction rates increase more rapidly at 20% per year	20%	531,180	(266,102)	(266,102)

13. Financial instruments

13.1 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the basis for recognition of expenditure and income) for each class of financial asset and financial liability are disclosed in Note 1.

Categories of financial instruments:

Financial Assets	Amortised Cost (£000)	Fair value-SOCNE[1] (£000)	Fair value-OCE (£000)	31 March 2024 (£000)	31 March 2023 (£000)
Trade receivables and other current assets[2]	**226,959**	-	-	**226,959**	226,240
Cash and cash equivalents	**80,044**	-	-	**80,044**	54,421
Derivative instruments in designated hedge accounting relationships	-	-	-	-	-
Other derivative instruments	-	**1,335**	-	**1,335**	90
Sub-total of derivatives assets	-	**1,335**	-	**1,335**	90

Financial Liabilities	Amortised Cost (£000)	Fair value-SOCNE[1] (£000)	Fair value-OCE (£000)	31 March 2024 (£000)	31 March 2023 (£000)
Trade payables and other liabilities[3]	**983,674**	-	-	**983,674**	111,646
Derivative instruments in designated hedge accounting relationship	-	-	-	-	-
Other derivative instruments	-	**706**	-	**706**	4,847
Sub-total of derivatives liabilities	-	**706**	-	**706**	4,847

1. *Other derivative instruments not designated for hedging are measured at Fair Value through the Statement of Comprehensive Net Expenditure (SOCNE).*
2. *Trade receivables and other current assets valued above, are £38.6 million lower than reported in Note 9. This is because £38.6 million of prepayments are not classified as financial assets (2022-23: £8.3 million), as these prepayments are a right to receive a future service and not cash.*
3. *Trade payables and other current liabilities valued above, are £2.1 million lower than reported in Note 11. This is because £2.1 million of running costs accruals are not classified as financial liabilities (2022-23: £3.4 million) as they will not result in a cash liability.*

Others:

Financial Guarantee Contracts	31 March 2024 (£000)	31 March 2023 (£000)
Cash securities (included within both cash and trade payables above)	**2,558**	4,007
Non-cash guarantees	**314,000**	352,000

Cash on deposit at 31 March 2024, consists of money lodged with Government Banking Services and Commercial Banks.

The sterling denominated accounts held within Government Banking Services are not subject to an interest rate charge.

Cash securities are provided by certain traders, see Note 11. No interest is paid to traders on cash balances lodged with the agency as security.

The agency issues traders with import and export licences for which a non-cash guarantee from a bank or insurance company is required to be put into place. These non-cash guarantees are assurances that guarantee payment to the agency if the trader fails to honour certain contractual obligations to the agency. They will become cash payments to the agency in the event these obligations are not fulfilled. Most licence holders meet their obligations therefore the guarantees are not a contingent asset. Non-cash sterling guarantees totalling £198 million, and euro guarantees totalling €136 million (£116 million) were held at 31 March 2024 (£215 million and €156 million (£137 million) at 31 March 2023). These are not measured above zero in the Statement of Financial Position since the agency assesses based on prior experience of trader behaviour a minimal chance of the guarantees being called upon.

13.2 Financial risk management policies

The agency's treasury operations are managed in accordance with the framework document agreed with Defra and HM Treasury. The framework document sets out the governance arrangements in respect of the agency's hedge strategy, the execution of contracts, the valuation of derivatives, the process for settlement of derivatives and external reporting.

13.3 Market risks

The agency's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The agency enters into forward foreign exchange contracts to manage its exposure to foreign currency risk relating to euro denominated receipts from the European Commission for the Basic Payment Scheme and Rural Development Programme Scheme expenditure (including Scotland, Wales and Northern Ireland).

From January 2003, in accordance with Commission Regulation (EC) No.1997/2002 (as amended), non-Eurozone member states, such as the UK, are reimbursed by the European Commission in euros. However, the majority of distributions by the agency are transacted in sterling, which creates an exposure to gains or losses from fluctuations in foreign exchange rates between the euro and sterling. The agency has managed its exposure to this risk through the purchase of forward foreign currency contracts.

13.4 Foreign currency denominated monetary assets and monetary liabilities

The carrying amounts of the agency's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	31 March 2024		31 March 2023	
	Assets (£000)	Liabilities (£000)	Assets (£000)	Liabilities (£000)
Euro	**218,175**	**157**	234,979	23,496

Monetary assets are amounts owed from the EC for rural development, and euro bank accounts. Monetary liabilities are euro cash securities receipts.

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13.5 Sensitivity analysis

The following table details the agency's sensitivity to a 10% increase and decrease in sterling against the euro. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for 10% change in foreign currency rates. For net operating costs a positive number indicates a decrease in net operating costs whereas a negative number indicates an increase in net operating cost.

	Impact of movement in Euro/Sterling rate Sterling appreciates by 10%		Impact of movement in Euro/Sterling rate Sterling depreciates by 10%	
	31 March 2024 (£000)	31 March 2023 (£000)	31 March 2024 (£000)	31 March 2023 (£000)
(Increase)/decrease in Net operating cost[1]	**(21,753)**	(21,146)	**21,753**	21,146
Derivative instruments				
(Increase)/decrease in Net operating cost[2]	**21,804**	22,337	**(21,804)**	(22,337)

1. *This is attributable to the exposure outstanding on euro receivables and payables in the agency at the Statement of Financial Position date.*
2. *This is the result of the changes in fair value of derivative instruments held for trading not in designated hedging arrangements.*

Outstanding foreign currency contracts:

	Average Euro:Sterling exchange rate 31 March 2024	Hedge ratio[1] 31 March 2024	Foreign currency 31 March 2024 (€000)	Notional value 31 March 2024 (£000)	Fair value 31 March 2024 (£000)
Current derivative assets to sell euros	**0.86524**	**1:1**	**194,088**	**167,933**	**1,335**
Current derivative assets to buy euros	-	-	-	-	-
Current derivative liabilities to sell euros	-	-	-	-	-
Current derivative liabilities to buy euros	**0.84677**	**1:1**	**60,904**	**51,571**	**706**

1. *The foreign currency forwards and options are denominated in the same currency as the highly probable future cash receipts from the European Commission (EURO), therefore the hedge ratio is 1:1.*

No hedge ineffectiveness was recognised during the period, and no future ineffectiveness is expected. However possible sources of hedge ineffectiveness have been identified as:

- The credit risk of both the European Commission and the derivative counterparty, and
- The risk that forecast future euro denominated reimbursements of expenditure may not occur

During the year the agency entered into derivative exchange contracts to hedge the quarterly euro denominated receipts in relation to the Rural Development Programme.

The fair value of foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. They represent Level 2 fair value measurements which are those derived from inputs, other than quoted prices, that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

13.6 Own credit risk and counterparty credit risk

As the agency is a UK Government entity, the own credit risk for the agency is not significant. All derivative contracts are with a stable international bank; therefore, the fair value of the counterparty credit risk is also limited.

Credit risks

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the agency. As part of its procedures the agency periodically reviews the counterparty credit risk.

Trade receivables consist of a large number of unrelated customers with differing credit qualities, which serves to diversify the agency's credit risk. An ongoing credit evaluation is performed on the financial condition of accounts receivable.

Receivables due from the European Union for EAFRD schemes are considered to have a very low risk of default, as the contractual obligation to reimburse the UK for EC funded schemes, are clearly defined by legislations between the UK Government and their European counterparties.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-ratings agencies.

13.7 Liquidity risks

The agency is funded by HM Treasury through Defra. The agency has maintained liquidity, wherever possible, through timely submission of funding claims to the European Commission.

The agency does not undertake the borrowing of funds other than from HM Treasury. Such borrowing, arising from short-term in-year fluctuations in expenditure, if required, would be affected by the agency drawing monies from HM Treasury's Contingencies Fund.

This facility is the subject of a formal standing arrangement agreed by HM Treasury. Drawings are normally repayable within the year.

13.8 Liquidity tables - non-derivative liabilities and assets

The following tables details the agency's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.

The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the agency can be required to pay. The table includes both interest and principal cash flows.

Non-interest bearing as follows:

	31 March 2024 (£000)	31 March 2023 (£000)
Zero to three months	**174,188**	88,244
Three to twelve months	**809,486**	23,157
One to five years	**-**	245
Total	**983,674**	111,646

The following table details the agency's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary to understand the agency's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Non-interest bearing as follows:

	31 March 2024 (£000)	31 March 2023 (£000)
Zero to three months	**9,796**	209,108
Three to twelve months	**217,163**	17,132
Total	**226,959**	226,240

13.9 Liquidity table - gross settled foreign exchange forward contracts

The following table details the agency's liquidity for its undiscounted derivative financial instruments. All derivatives used for hedging purposes are shown by maturity based on their contractual undiscounted gross cash flows.

	31 March 2024		31 March 2023	
	Derivative liabilities (£000)	Derivative assets (£000)	Derivative liabilities (£000)	Derivative assets (£000)
Zero to three months	**507**	**1,969**	4,166	184
Three to six months	**-**	**-**	-	48
Total	**507**	**1,969**	4,166	232

14. Revaluation reserve

The Revaluation reserve relates to revaluation of Intangible assets (Note 8) analysed as follows:

	Intangible assets (£000)	Total (£000)
Balance at 1 April 2023	**9,932**	**9,932**
Transfer to General Fund[1]	**(3,176)**	**(3,176)**
Revaluation during the year	**3,602**	**3,602**
Balance at 31 March 2024	**10,358**	**10,358**

1. *The transfer to the General Fund reflects the difference between the amortisation charge based on the revalued carrying amount of the asset and the amortisation charge based on the original cost.*

15. Capital commitments

The agency had nil capital commitments as at 31 March 2024 (31 March 2023: £nil).

16. Lease commitments

16.1 Building

The agency occupies various properties which are held on a leasehold basis by Defra. The core department manages these properties and the allocation of space between its agencies and arms' length bodies. These do not represent identified assets controlled by the agency and so under IFRS 16 do not result in right of use assets or lease liabilities. These and the related commitments are described in the department's own accounts.

The total recharge made by Defra in the current year was £3,159k (2022-23: £2,842k) which along with the £6,921k (2022-23: £6,519k) facilities management recharge quoted in Note 17 make up the £10,080k (2022-23: £9,361k) which is included within Corporate overhead recharges (notional), Estate management costs, see Note 3.

16.2 Lease liabilities

Total future minimum lease payments under non-cancellable finance leases at 31 March 2024 are given in the table below for each of the following periods:

	31 March 2024 (£000)	31 March 2023 (£000)
Not later than one year	**341**	167
Later than one year and not later than five years	**493**	245
Total	**834**	412
Less interest element	**(51)**	(20)
Present value of obligations	**783**	392

The present value of total future minimum lease payments under non-cancellable finance leases at 31 March 2024 are given in the table below for each of the following periods:

	31 March 2024 (£000)	31 March 2023 (£000)
Not later than one year	**321**	159
Later than one year and not later than five years	**462**	233
Present value of obligations	**783**	392

17. Other financial commitments

The agency has entered into non-cancellable contracts (which are not leases or Private Finance Initiative contracts). Agreements have been analysed spanning the year end and reflecting contractual cancellation clauses. The payments to which the agency is committed (not accrued for) are as follows:

	31 March 2024 (£000)	31 March 2023 (£000)
Not later than one year	**317**	761
Total	**317**	761

Additionally, the agency benefits from certain facilities management services that are provided centrally by Defra, including estate staff, utilities, and property maintenance. These services are agreed and managed through service level agreements between the agency and Defra but the contractual commitments underlying these arrangements are made by the core department and disclosed in their accounts.

The total recharge made by Defra in the current year was £6,921k (2022-23: £6,519k) which is included within Corporate overhead recharges (notional), Estate management costs, see Note 3.

UK funded schemes financial commitments

The agency has entered into non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements) for UK funded schemes payable to farmers, land managers, schools, local authorities, and other organisations.

It is common for schemes, depending on their nature, to see a significant percentage of customers in receipt of a grant funding agreement either not proceeding to claim, or legitimately electing to claim less than the maximum agreement value. No adjustment has been made for this factor – the commitments therefore represent a maximum possible scheme expenditure to which the agency is committed at 31 March 2024. Payment rates in grant agreements have been adjusted by published increases in payment rates since inception of the agreements through to 31 March 2024 to disclose commitments at their current values.

The amounts presented below reflect the agency's commitments at 31 March 2024. On 1 April 2023, the responsibility for administering and accounting for legacy Rural Development Programme for England agreements transferred from Defra to the agency and commitments relating to those agreements were recognised in the agency's accounts. This accounts for the increase in commitments year on year relating to Environmental Stewardship and Rural Development Schemes, along with some of the increase in Countryside Stewardship commitments (the remainder being due to increases in the volume and value of agreements entered into by the agency).

Future full-length contractual agreements to which the agency is committed are as follows:

UK Funded schemes	Note	Within one year (£000)	Later than one year and not later than five years (£000)	Later than five years (£000)	Total 31 March 2024 (£000)	Total 31 March 2023 (£000)
Lump Sum Exit Scheme	1	8,340	-	-	8,340	36,990
Countryside Stewardship	2	902,461	1,889,550	101,330	2,893,341	1,696,251
Environmental Stewardship	3	99,547	322,251	121	421,919	-
Sustainable Farming Incentive	4	365,791	690,105	-	1,055,896	71,637
Farming Investment Fund	5	13,205	1,823	-	15,028	10,186
Fruit & Vegetables	6	49,512	27,919	-	77,431	105,016
School Milk	7	27,029	-	-	27,029	15,678
Rural Development	8	1,497	-	-	1,497	-
Animal Health and Welfare	9	-	1,142	-	1,142	-
Total		1,467,382	2,932,790	101,451	4,501,623	1,935,758

UK funded schemes financial commitments: notes

The nature of the most significant contracts is described below:

1. **Lump Sum Exit Scheme:** The agency has entered into contractual commitments which include agreements with farmers who do not wish to transition to future schemes such as SFI to exit the industry early by selling their entire land holding. The agency has assessed that a commitment arises at the point when an application is received. Claimants must complete the sale of their land by 31 May 2024, although in some exceptional cases this deadline may be extended.

2. **Countryside Stewardship (CS):** The CS scheme was introduced for farmers and land managers to boost biodiversity and help protect and enhance farmland and the countryside. CS can effectively be split into two categories – multi-annual 'management options' (commonly referred to as revenue options) and capital options.

   All revenue agreements are long term agreements typically made of options which constitutes 5 year agreements (Mid-Tier agreements) and 10 year agreements (Higher Tier agreements). Capital options relate to one-off improvement works such as fencing, installing water storage tanks, or making improvements to farmyards to reduce soil erosion. Capital works must be undertaken by the customer during the first three years of an agreement. The agency has assessed that commitments arise when agreements are entered into.

3. **Environmental Stewardship (ES):** The ES scheme provides funding to farmers and land managers to farm in a way that supports biodiversity, enhances the landscape, and improves the quality of water, air and soil. ES is part of the Rural Development Programme for England which transferred from Defra to the agency on 1 April 2023. These are legacy multi-annual management agreements for both revenue and capital.

4. **Sustainable Farming Incentive (SFI):** This includes SFI Pilot, SFI 2022 special payments and SFI 2023. The agency has assessed that SFI commitments arise when agreements are entered into. SFI Pilot and SFI 2022 are both closed and have been superseded by SFI 2023.

   SFI Pilot

   SFI Pilot had three elements namely capital options, revenue options and the pilot participation fee. The scheme paid customers for actions they take to manage their land in an environmentally sustainable way.

   The workings of the capital options in the pilot scheme operates in a similar fashion as CS capital offerings. Once an agreement is in place, the claimant must first complete the works and then submit a claim with supporting evidence to RPA for payment.

   Revenue options consists of a set of standards which the claimant is required to deliver annually on designated parcels of land. These agreements last for three years and the first such agreements went live on 1 November 2021.

   The participation fee is £5k per claimant per year of revenue agreements to compensate claimants for their time and costs in completing learning activities.

   SFI 2022

   The SFI 2022 scheme only offered revenue options. The nature of this scheme was similar to the revenue element of the SFI Pilot described above. SFI agreements were intended to last for three years, with some flexibility for farmers to amend them every 12 months from their start date.
   The SFI 2022 scheme was closed early to allow customers to transition to the improved SFI 2023 scheme more rapidly. Where agreements featured actions which will were not

available under SFI 2023 the agency undertook to compensate agreement holders for any loss of income which this created. The remaining commitments disclosed above relate to these compensatory payments.

SFI 2023

The main SFI 2023 scheme offers revenue options with the flexibility to combine SFI actions with other environmental land management options, such as Countryside Stewardship (CS). SFI 2023 operates on a 'rolling application' basis. This means that customer's agreements can start from the first day of any calendar month. The agency has assessed that commitments arise when agreements are entered into.

5. **The Farming Investment Fund (FIF):** FIF is a capital scheme under which a claimant is issued a grant agreement and then completes agreed works, before subsequently making a claim. The FIF provides grants to improve productivity and bring environmental benefits. FIF is made up of two separate schemes: Farming Equipment and Technology Fund and Farming Transformation Fund. Both schemes operate in a similar manner, but on different scales and timelines. The agency has assessed that commitments arise when agreements are entered into.

6. **Fruit & Vegetables:** The agency, in collaboration with the Devolved Administrations, is responsible for recognising Producer Organisations (POs) into the Fresh Fruit & Vegetables Aid Scheme. The scheme year runs from 1 January to 31 December. Applications for 'operational programmes' submitted by POs to claim monies under the scheme, are approved by the agency by 15 December before the scheme year commences, and the agency has assessed that a commitment arises at this point. All operational programmes are between three and five years in duration.

7. **School Milk:** The scheme subsidises the cost of milk, certain milk products and yoghurts for school children in England, Scotland, and Wales. The subsidy can be claimed by schools, local authorities, suppliers, or other organisations so that the products can be sold to schoolchildren at a lower price. The scheme year aligns with the school year running from August to July in the following year, and organisations must apply to the agency for approval of their application by 31 October of the school year. The agency has assessed that commitments arise when applications are approved.

8. **Rural Development (RD):** RD is part of the Rural Development Programme for England which transferred from Defra to the agency on 1 April 2023. The commitments relate to a small number of capital grants agreements. It is expected these will be completed during 2024-25.

9. **Animal Health and Welfare:** The programme supports continual improvement in farm animal health and welfare. Grants offered are for both capital and revenue. Capital elements are delivered through the Farming Investment Fund, and as such capital commitments are presented within that figure. Commitments for the revenue element of the scheme relate to agreements to fund veterinary visits to livestock farms. The agency has assessed that commitments arise when agreements are entered into.

The above represents the maximum possible commitments to which the agency is committed to as at the end of the reporting period if all agreements continue for their entire multi-annual terms. However, as per the strict terms and conditions of some of the schemes, the agency may terminate agreements and any future grant payments on giving the agreement holder six months' written notice at any time. The following table shows the agency's commitments based on the strict terms and conditions of these schemes.

UK funded schemes	Within six months (£000)	Total 31 March 2024 (£000)	Within six months (£000)	Total 31 March 2023 (£000)
Countryside Stewardship	**369,185**	**369,185**	263,479	263,479
Farming Investment Fund	**8,475**	**8,475**	1,641	1,641
Sustainable Farming Incentive	**216,718**	**216,718**	16,071	16,071
Environmental Stewardship	**49,774**	**49,774**	-	-
Total	**644,152**	**644,152**	281,191	281,191

18. Contingent assets and contingent liabilities disclosed under IAS 37

18.1 Contingent assets

The agency has no contingent assets.

18.2 Contingent liabilities

The agency has the following contingent liabilities where the possibility of an outflow in settlement is not considered to be remote:

The European Commission can apply financial corrections if Defra (through the agency) does not comply with European Commission regulations for payments funded by the European Agricultural Guarantee Fund. Any amounts disallowed (and hence funded by Defra instead) will depend on the assessed severity of the breach of regulations and on subsequent clarification negotiations with the European Commission in accordance with the European Commission's clearance of accounts procedure. There is an ongoing potential liability in respect of financial corrections which is unquantifiable.

All financial corrections are funded by Defra, and the contingent liabilities for these are reported in Defra's accounts and not those of the agency.

The agency is currently in receipt of appeals from scheme claimants against the non-payment of claims covering schemes administered by the RPA. If the appeals are successful, they could either result in a liability for EU or Exchequer funded payments. The amount of any such potential liability is unquantifiable, though is expected to be immaterial. Further details of the number of appeals is set out within the Appeals disclosure of the Performance report above.

19. Related party transactions

The agency, as an executive agency of Defra, has transactions with both Defra and the following agency:

- Animal and Plant Health Agency

The agency also had transactions with the following Non-Departmental Public Bodies which are also linked to Defra:

- Agriculture and Horticulture Development Board and its subsidiary Livestock Information Limited
- Environment Agency
- Natural England

The agency also had transactions with the following Non-Ministerial government department accountable to parliament through the Secretary of State for Health and Social Care:

- Food Standards Agency

A significant proportion of expenditure made by other paying agencies through the operation of market support schemes is funded by the agency. These funding transactions have been with:

- Scottish Government Rural Payments and Inspections Division
- Welsh Government
- Department of Agriculture, Environment and Rural Affairs, Northern Ireland

Disclosure of employment

Tim Breitmeyer is a Non-Executive Director of the agency. He runs a family farm, Bartlow Estate, which received scheme payments of £121k during the year to 31 March 2024 (2022-23: £99k). Balances payable to Bartlow Estate, at 31 March 2024 for scheme payments amounted to £18k (2022-23: £nil).

These transactions were undertaken in the normal course of business and all transactions were at arm's length. These Non-Executive Directors also receive salaries as shown in the Remuneration report.

20. Events after the reporting period

These accounts have been authorised for issue by the Accounting Officer on the date the Comptroller and Auditor General's audit certificate and report was signed.

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