

Public Audit and Post-legislative Scrutiny Committee
Room T3.60
The Scottish Parliament
Edinburgh
EH99 1SP

12 January 2017

BY EMAIL ONLY

Dear Convenor

COMMON AGRICULTURAL POLICY FUTURES PROGRAMME

I write following the evidence session with the Permanent Secretary and officials of the Scottish Government on 8 December 2016, and the Committee's follow-up letter of 22 December 2016, concerning the above topic.

On behalf of NFU Scotland (NFUS) members, I wish to share the Committee's sentiment of frustration and anger in the CAP Futures programme. The attention and rigour your Committee has given to this important issue has been of some encouragement to our members that the sheer depth of the problems are being addressed, and recognisant of their subsequent impact on the rural economy. However, as you have highlighted, it is clear that a step change must be seen in the operation and functionality of this programme if Scotland's farmers and crofters are to have any confidence in its ability to deliver in the future.

In its written evidence of 27 September 2016, NFUS outlined that a number of claimants of the 2015 CAP payment round still had significant amounts outstanding. The reason for this 'long tail', as has been recognised at Committee, is due to a lack of functionality and technical glitches within the CAP Futures system preventing payments for a number of more complex claims and anomaly cases. These complexities and anomalies have not been the making of the claimants. NFUS believes that payment runs are still required to complete all 2015 payments to individuals whose claims remain outstanding, and significant technological and functional hurdles still remain.

Whilst there has been a marked improvement in functionality since the Auditor General's report in May 2016, it is of little comfort to those individuals who still have claims outstanding that Scottish Government still is unable to give a clear reason for the delay and lack of functionality within the system, as well as a date for when these payments will be delivered and the debacle of 2015 payments finally concluded. Whilst the majority of 2015 payments have been completed, for those that are still awaiting payments or continue to face administrative hurdles, this could be of real threat to the very future existence of their farm businesses.

As at 12 January 2017, it is the understanding of NFUS that:

BPS Entitlement Transfers

- 'Letters of comfort' have been issued to buyers and sellers who are entered into Private Contract Clauses, as the IT system still lacks functionality to deal with transfers. An IT fix is apparently scheduled for the end of January.
- Approximately 62 farm businesses (12 transferring out, 50 transferring in) are affected.

Less Favoured Area Support Scheme (LFASS) 2015 Balance Payments

- Approximately 2,500 farm businesses are still to have their LFASS balance payments processed. This number includes all those that opted out of the nationally-funded LFASS 2015 loan.

- These payments are worth about £3 million (of the £65.5 million budget).
- The delay in payment is apparently due to an IT fix still being required to accommodate land changes.

Scottish Suckler Beef Support Scheme (SSBSS) 2015

- Some 35 farm businesses are still awaiting payments. It is understood the intention is that Scottish Government completes SSBSS payments by the end of the week commencing 16 January.
- These payments are worth about £250,000.

Scottish Upland Sheep Support Scheme (SUSSS) 2015

- SUSSS is more complex than the SSBSS due to land validation components. Due to this requiring more processing, more IT fixes have been required.
- Some 40 farm businesses are still to receive SUSSS payments.

Rural Priorities payments 2015

- 87 per cent of all claims have now been manually processed, validated and paid.
- Approximately 400 claims are still to be paid.

Land Managers Options (LMOs)

- About 900 claims are still to be paid, totalling some £1 million which remains outstanding.

NFUS understands that the Committee has requested an update from Scottish Government by the end of this month. It is essential that focus remains on resolving these outstanding cases from 2015; and NFUS hopes to see Scottish Government come forward with an unambiguous protocol for the delivery of the 2016 balance payments, and future rounds in 2017 and beyond.

I copy this letter to the Rural Economy and Connectivity Committee for information. As ever, NFUS would be very happy to present evidence to any parliamentary committee to facilitate inquiries on this matter.

Yours sincerely

A handwritten signature in black ink that reads "W. Allan Bowie". The signature is written in a cursive, slightly slanted style.

Allan Bowie

President, NFU Scotland

cc. Rural Economy and Connectivity Committee