

## 2015 Payments

### 2015 Payments - Total. All numbers stated correct as of 20/01/2017

39,998 payments in total made to businesses and farmers

- £455 million paid out in total
- An additional 1,658 payments made to businesses and farmers since the update to the Public Audit and Post-Legislative Scrutiny (PAPLS) Committee on 08/12/2016
- An additional £7 million has been paid out since update on 08/12/16

### 2015 Payments – Pillar 1. All numbers stated correct as of 20/01/2017

£379 million paid out across Pillar 1 schemes

- 99.7% of those eligible under the Basic Payments, Greening and Young Farmer schemes have received payment (£343 million)
  - 33 payments are still outstanding (£0.2 million)
- 99% of those eligible under the Beef and Sheep schemes have received payment (£36 million)
  - 68 payments are still outstanding (£0.5 million)
- We are working to complete outstanding beef and sheep payments by 31 January and will report back in our next update.

### 2015 Payments – Pillar 2. All numbers stated correct as of 20/01/2017

£76 million paid out across Pillar 2 schemes

- 90% of those eligible under the Rural Priorities Scheme have received payment (£19.7 million)
  - 284 payments are still outstanding (£5 million)
- 77% of those eligible under the Land Managers Option scheme have received payment (£2.1 million)
  - 471 payments are still outstanding (£0.5 million)
- 79% of those eligible under the Less Favoured Area Support Scheme (7,532) have received payment (gross value £46.7 million). There are 3,848 outstanding claims. Of these:
  - 1,440 have received loans equalling their total payment and will receive no additional payment (gross value £1.4 million)
  - 2,408 payments are still outstanding (gross value £17.4 million)
- The aim is to complete these payments by the end of March 2017.

### 2015 Payments – Loans. All numbers stated correct as of 20/01/2017

16,357 businesses received over £145 million in loans

- 5,286 loans were made in respect of the 2015 Basic Payments Scheme of which 5,234 have been recovered to date (£92.7 million)
  - 52 loans outstanding (£290k)
- 11,056 loans were made in respect of 2015 LFASS with a value of £54 million of which £40 million has been recovered to date.
  - £14 million in loans remains to be recovered from outstanding LFASS payments
- 15 loans were made in respect of hardship (£0.132 million) and have been recovered from 2015 BPS payments.

## **2016 Payments**

1. We have made a great deal of progress with 2015 CAP payments. Our priorities continue to be to ensure that outstanding 2015 payments are made; and to ensure that rural businesses receive 2016 payments as soon as possible and by the end of the payment period.

### Risks and mitigations

2. The biggest risk for 2016 payments remains slippage in the deadlines for adding new functionality to the IT system and addressing known system defects. Key mitigations:

- We have received assurances from our contractor CGI that the IT system functionality for 2016 will be delivered early in 2017;
- We are continuing to work closely with them to ensure risks to the delivery of new IT functionality are more clearly identified, enabling problems to be fixed earlier;
- More robust testing methods have been introduced pre-launch that make the system much more reliable;
- Significant support and better guidance to Area Office and Edinburgh staff to ensure familiarity with the functionality and better fit with working practices of staff reliant on it; and
- Principal Agricultural Officers have been reviewing staffing levels and improved processes between Area Offices and Saughton House for work planning, effective decision making and issuing guidance (learning from SAF 2015) have been put in place.

3. Once functionality has been delivered to a high quality, final processing of applications for payment will be undertaken. We expect that 2016 payments under Pillar 1 will be made and substantially completed between then and the end of the payment period (end of June 2017). As is usual, while we are working hard to minimise the potential for this, there is often a tail of payments which take longer to process.

4. We have used the learning from this first year of the new CAP regime to improve our governance, processes and training. Discussions continue with CGI to stress the necessity to deliver functionality to allow staff to complete payments within the EU payment period, by the end of June 2017.

### IT and system costs

5. Based on the current IT delivery plan and the existing monthly spend profile, we are on track to complete within the £178 million budget. Although the Futures Programme will close, as planned on 31 March 2017, £6.7m (from within the overall £178m budget) will be carried over to spend in the next financial year to complete functionality on the Land Parcel Information System, a new accounting and payment system (SACAMS) and further automation of Pillar 2 schemes (Claims to Payments).

National Basic Payments Support Scheme 2016 (Loans)

6. As of 20/01/2017 we had made loan payments to 13,172 farmers, crofters and businesses of £271 million. Following the successful delivery of the majority of 2016 loan payments, the loan scheme was closed to general applications on 20 January 2017.

7. A small number of top-up loans are still being processed for businesses who have recently had a transfer of entitlements confirmed. These businesses are being contacted directly by the loans team. Moreover, area offices have been asked to contact farmers, crofters and businesses in their area whom they consider might benefit from a loan payment to encourage them one final time to apply urgently. Every effort has been expended to ensure the maximum number of businesses benefit from a loan payment under the 2016 Scheme.

8. Since the last Committee appearance, a further 15 duplicate payment errors have been identified, with a total value of £492,687. We have established this was human error and no other businesses have been affected. Staff acted quickly to resolve the error once it was identified and, on 10 Jan 2017, all 15 businesses were contacted by phone and have agreed to repay the additional payment. Invoices were issued on 19 January and, as it results from an administrative error, no interest will be charged.

Scottish Government  
24 January 2017