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Convenor to the Public Audit and Post-legislative
Scrutiny Committee
The Scottish Parliament
Edinburgh
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30 March 2017

Dear Ms Marra

COMMON AGRICULTURAL POLICY: FUTURES PROGRAMME

Please find enclosed the latest monthly report from Scottish Government officials. The report provides information on progress since our last report dated 1 March 2017 and provides information on issues arising over that period.

I have copied this letter to the Convenor of the REC Committee, Mr Mountain MSP.

To account for the Easter break, I am planning to send the next report at the beginning of May, if that is acceptable to the committee.

Elinor Mitchell

MARCH UPDATE – All figures correct as of 29 March 2017.

2015 Payments

As the committee is aware, we work with a dynamic system, which means that the numbers of claims can go up as well as down, depending on what new information is added to the system. So the numbers quoted below are the cases that we are actively working on.

We continue to make progress with 2015 payments. We have 46 BPS 2015 (we expect that some of these may not prove to be eligible for payment); 102 Rural Priorities; and 215 Land Management Options claims outstanding. We have completed over 99% of BPS; 97% of Rural Priorities; 92 % of Land Manager Options payments.

We have 1700 outstanding LFASS claims; we will be able to progress these once we have acquired further IT functionality to make these payments. We continue to work hard to progress these claims but we recognise that the delays continue to cause financial hardship.

2016 Payments

BPS, Greening and Young Farmer

We have started processing 2016 BPS, Greening and Young Farmer payment and will continue to do so over the next weeks and months. Payments have started reaching claimant bank accounts in w/c 27 March. We will start publishing weekly payment statistics from 7 April. The first payment will be at 90% of claim value and we expect and anticipate to make the further 10% payments before the end of the payment window in June.

Scottish Suckler Beef Support and Scottish Upland Sheep Scheme

We are working towards having the functionality to begin payments in May.

Rural Priorities

We are working towards having the functionality to begin payments in July.

LMO, Beef Efficiency Scheme, AECS and Forestry Grant Scheme

We are working towards having the functionality to begin payments in the Autumn.

LFASS

There remains significant challenges in completing LFASS 2015 payments and in making LFASS 2016 payments within historic timescales. We take very seriously how important LFASS payments are to farmers and crofters in our most remote and fragile areas and communities. We are therefore looking at how to address the on-going issues, including whether to provide an LFASS loan scheme again this year. We will of course update committee of developments. We recognise the importance of having accurate and up to date information about the timing of payments and we will keep customers updated on these timings.

2017 SAF window

The 2017 SAF application window opened as planned, and on schedule, on 15 March.

Reductions & Exclusions Letters

Annabel Turpie informed the REC Committee on 25 January that Reductions & Exclusions (R&E) letters for BPS, Greening, Young Farmer and LFASS 2015 would issue in March – unfortunately these letters have still not issued due to a number of complex features that need to be added to the IT system and a focus on starting 2016 Basic Payments.

I apologise for the disruption and deep frustration that this further delay causes to farmers and crofters. R&E is one of the more intricate aspects of the system and a task force has been established to work through the dependencies quickly, with the objective of issuing letters before the end of April. I will update REC if this timescale changes.

Audits

National Audit Office

We expect that the Annual Accounts will be cleared through European Commission processes in the normal manner by 30 April 2017. There were unqualified opinions on the accounts and also the legality and regularity of expenditure. Auditors highlighted issues regarding the assurance given in the Management Declaration made by the Director of the Paying Agency. This centred on issues relating to the Control Statistics data submitted for the Claim Year 2015 where the Certification Body had concerns over the completeness and accuracy of the information. In addition, the Certification Body's accreditation assessments identified areas where further work is required and this is being taken forward as a matter of urgency.

Independent Technical Assessment

We have now received the findings of the Independent Technical Assessment. This is a comprehensive piece of work and we are working through the implications of this with our key delivery partner. This report is marked commercial in confidence but we will of course share the key findings and planned actions with the committee in due course.