

Convenor to the Public Audit and Post-legislative
Scrutiny Committee
The Scottish Parliament
Edinburgh
EH99 1SP

Date 27 October 2017

Dear Ms Baillie

Thank you for your letter of 3 October in response to the oral evidence session of 7 September. As you know, since then, we have published the CAP Stabilisation Plan which sets out our ambitious agenda for improving payment performance and enhancing the service we offer to our customers. The plan addresses the recommendations made to us by Audit Scotland and also covers a number of the issues you have raised. The points below address the more specific questions you raise and highlight some key points from the plan.

Financial Penalties

You asked for our opinion on Audit Scotland's assessment of the European Agricultural Fund Accounts (EAFSA) Audit. The Scottish Government accepts Audit Scotland's assessment of the EAFSA, which is that the control system that was in place during the European financial year 2016 was working but with areas where the need for improvements were identified. We acknowledge the areas for improvement identified and are taking steps to address them.

Late Payments

You asked for an update on the late payment penalty position over the last year years. Unfortunately we do not have any more detailed information to share at this stage, but we will share this with the Committee when it becomes available.

Governance

A schematic which sets out the governance arrangements which are currently in place was appended to the update from Elinor Mitchell on 5 October. These arrangements are reviewed regularly, both in terms of the attendance and timing.

IT updates

I have noted your request for quarterly updates explaining the progress that has been made - including associated costs on resolving any significant ongoing or outstanding IT challenges. This information will be now be included in our regular updates to the committee.

Disaster Recovery

There are disaster recovery arrangements for all our IT systems. Within the RP&S systems (in which the vast majority of our processing is done) the disaster recovery time is up to 4 hours. Within our legacy systems, full disaster recovery could take up to 2 weeks in a worst case scenario.

You asked whether our protocols meet industry standard. To maintain our status as a Paying Agency we are required to meet the ISO 27001 standard for Information Security Management. ISO 27001 is one of the industry leading standards used to implement a strong Information Security Management System (ISMS). The standard requires management practices to be put in place for Information Security, which includes the ability to recover from system failures, irrespective of their severity. Our accreditation is reviewed annually and was most recently renewed in September 2017.

More detailed information about our disaster recovery arrangements were included in Elinor Mitchell's regular update to the Committee which you received on 5 October. As noted in that report, we are planning to run an IT disaster recovery emergency exercise in November 2017.

Future Workloads

You asked whether staff and unions have raised any concerns about future workload. I am not aware of any formal matters being raised by unions, however we are not complacent. We have established a People, Resourcing and Change Board which has a directorate membership from a cross-section of grades and business areas. Staff have been actively encouraged to raise any concerns at "monthly conversations" with their line managers. We are also making more use of social media capabilities to improve communications and engagement across all directorate localities. The annual staff survey is currently live and we will look closely at those results to ensure that we are responding to staff concerns and issues raised.

RPID staff remain committed to, and focused on, delivering a system which results in CAP payments to farmers. This is a long and complex process, including extensive animal and land inspections, updating of maps, liaison with farm business and the processing of applications. All of this is required to be done within very strict deadlines and the work is carefully coordinated and monitored. Principal Agricultural Officers manage much of this process locally and take action to make sure that staff welfare is maintained while deadlines are met. For example, volunteers are sought to work from different parts of the country to help with inspections or capture and process applications as required.

You asked specifically about knowledge transfer. I recognise that we still rely heavily on a small number of key specialists and staff in payment, IT/digital and audit/finance teams. We have responded to this in a number of ways. We have developed a comprehensive staff resourcing and succession plan and we are embarking on an ambitious recruitment programme, but there are challenges. For example, within the digital specialism, we are working closely with other areas in Scottish Government that rely on digital specialists which,

as has already been recognised, are in short supply. The Committee has already been focusing on Scottish Public Sector Digital capability and what we have been doing in Information Services Division is fully engaged with the broader SG initiatives.

Comparative Performance

We expect to get an indication of the comparative performance of Scotland relative to the rest of the UK early in November and I will ensure that this information is included in the next update.

Benefits Realisation

The Futures Programme was closed on the 31 March 2017 as the focus of attention changed from developing a System to maintaining a critical Service. We are now at the appropriate point to review the benefits from the Futures Programme and re-evaluate the considerable assets that have been delivered with a view to deriving additional benefits.

CAP updates

We propose to include information on progress in implementing the Stabilisation plan and System progress updates in the future quarterly updates to the Committee

Grants to Farmers

I can confirm that grants to farmers are made net of any existing loans. We calculate the full value of their payment and deduct any outstanding loan amounts prior to payment.

Bad Debts

There is no evidence of bad debt. However, if we did identify that a customer had been overpaid, we would use other Pillar 1 support payments (or loan payments) to recover any debt carried forward from a previous year.

I appreciate this is a long letter but I hope it comprehensively covers the points on which you have sought clarification. Please do not hesitate to contact me if any further information is required. The next update will be provided in January 2018.

Yours sincerely

LIZ DITCHBURN