



Northern Ireland  
Assembly

Committee for Agriculture and Rural  
Development

# OFFICIAL REPORT (Hansard)

Single Farm Payment 2014:  
Department of Agriculture and Rural  
Development

30 September 2014

# NORTHERN IRELAND ASSEMBLY

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**Members present for all or part of the proceedings:**

Mr William Irwin (Chairperson)  
Mr Joe Byrne (Deputy Chairperson)  
Mrs Jo-Anne Dobson  
Mr Tom Elliott  
Mr Declan McAleer  
Miss Michelle McIlveen  
Mr Oliver McMullan  
Mr Ian Milne

**Witnesses:**

Dr Richard Crowe	Department of Agriculture and Rural Development
Mr Andrew Elliott	Department of Agriculture and Rural Development
Ms Sharon McFlynn	Department of Agriculture and Rural Development
Ms Pauline Rooney	Department of Agriculture and Rural Development

**The Chairperson:** I welcome Andrew Elliott, Pauline Rooney, Richard Crowe and Sharon McFlynn. I ask you to give us a presentation lasting no longer than 10 minutes.

**Mr Andrew Elliott (Department of Agriculture and Rural Development):** Thank you very much, Chair. We submitted a written document to the Committee that captures a great deal of what we are doing at the moment. We are working on two years at the same time, in the sense that we are preparing for payments in 2014, and some very challenging targets for those payments, for the establishment of new entitlements in 2015, and for the delivery of a range of new schemes on the pillar 1 side. There are three new payments to replace what we have come to know as the single farm payment.

We had just under 31,000 applications in 2014, and a very high proportion of those were submitted online — 38% as it turned out, which represented a very big increase for us. That has been of significant assistance to the Department in progressing this year's payments. Notwithstanding the fact that the targets are challenging, we are on track, as things stand, to achieve the target of 93% of payments. However, that is not without risk, as there are always things that can come along in the remaining weeks to challenge our attainment of that. However, as things stand, that is looking on target.

We are also making very good progress with inspections this year, with a very large percentage of the inspections completed in the field and a very large number of the rapid field visits under way or completed in the field. That, hopefully, will see us through to a good early outcome of progressing inspections. We have had an enormous amount of change to our control systems over the past

number of years, as the Committee knows, and that has presented us with many challenges. Those challenges are easing, but there are still some left, and, from time to time, that makes what we say subject to some kind of glitch appearing in the system that we have to tackle. We expect to confront some of those challenges as we move forward in the next few weeks. Hopefully, we will overcome them and achieve the targets.

In preparation for the new direct payments, we will introduce in 2015 an application form for application to the basic payment scheme, a greening payment and a young farmers scheme. A programme of work is being implemented to manage the development of the necessary arrangements for those, which are remarkably complex. We have a lot of knowledge now about what the Commission's requirements are for the controls that we have to have in place, but we do not yet have full and complete knowledge. There still issues on which we are engaging with the Commission and other paying agencies to try to work out exactly what the best arrangements will be.

What we do know is that there will be a very big focus for us in the next round of CAP funding on the need to ensure that active farmers apply — that entitlements are established by people who are actively farming the land. That will be a very big change for those landowners who up until now may have been involved in claiming single farm payment. If the land is out in conacre to another farmer, the expectation is that it will be that farmer who will be empowered to establish the entitlements on the land, not the landowner.

It is quite important for that message to go out, because, in the context of the greening payment, there is an important onus on the conacre farmer to declare all the land being farmed. Conacre farmers could have a problem if they do not do that. If they do declare all the land that they are farming, and the landowner then seeks to establish entitlements on it as well, that will create a duplicate claim situation. It is most important that we do not end up in a situation in which perhaps no entitlements are successfully established on some land. That is an area on which we will continue to communicate very actively to try to make sure that who should be claiming the land is as widely known as possible.

The greening payment will have particular implications for a small proportion of Northern Ireland farmers, largely farmers who have large arable farms or those who have had a great deal of land that has been ploughed and used to grow catch crops or other kinds of crops that would mean that the land is now constituted as arable. Again, we need to make absolutely sure that people are very clear about the requisite proportions of crops and the requirement to have an ecological focus area. Again, the Department has been and will be very active in communicating the key messages around that to ensure that farmers are prepared and ready for the changes that will arise in 2015.

The Department's focus on delivery arrangements in 2015 means that we will continue to place, and will need to place, a very heavy emphasis on online applications. We will be encouraging farmers and their agents to use the online method. In part, that is because it makes for more efficient arrangements in the Department, but, increasingly, the requirements of CAP reform itself mean that a geospatial application process is needed. The Commission's targets for online applications mean that we really need farmers to begin to engage with that issue in even greater numbers so that we can get all the benefits out of online applications and help people avoid errors.

So, there is a great deal of challenge ahead for us. We have ploughed quite a big resource into trying to ensure that we develop the new schemes as effectively as we can from the outset. It seems to me almost impossible that we will cover absolutely every possible change as we go through the next CAP period, but we are doing our best to avoid any significant changes. We want to try to get it as right as we can from the start. To ensure that, the integrated administration and control system (IACS) will mean that we have a system that is more integrated and automated in order to pay farmers in a speedy, timely and accurate way.

It is probably best to leave it there and allow members to ask questions.

**The Chairperson:** Thank you very much, Andrew. There is a lot of concern about the active farmer and the head of holding. Will the Department give us an assurance that the clarification and guidelines that it provides will be simple and easy to understand, and not more ambiguous, leaving people still not knowing? There is a concern that, when they finally come out, the guidelines will still be open to interpretation.

**Mr A Elliott:** The challenge for us is to have clear guidance. Whether that will be simple guidance is a harder commitment to give. I say that because there is almost always a whole range of permutations and combinations of people's individual circumstances. We have to have guidelines that apply to

every farmer situation that arises, whether that be for an individual farmer, a partnership or a corporation, share farming or other issues. We almost always find that, when we start to draft documentation to try to give out simple messages, it is quite a challenge not to have to put in an asterisk indicating a whole lot more detailed information at the end. In a nutshell, we will do our best, and we are putting our energies into ensuring that the messages are clear and simple, but it is not a clear and simple topic that we are dealing with, so that will be a challenge.

**The Chairperson:** There is also ambiguity around greening at this stage. I know that it is early yet, but are the guidelines for greening clear at this stage?

**Mr A Elliott:** For the purposes of most farmers, who will be required to meet the extra requirements of greening, the guidelines are remarkably clear now. We have a few detailed points. For example, for farmers who want to use hedgerows, we are finalising with the Commission what the arrangements will be in situations in which a hedgerow can be counted or cannot be counted. What is the situation with a hedgerow with gaps? What happens when a hedgerow marches on another farmer's land? We are very close to having clarity on some of those things. There are one or two detailed points on the use of fallow land on which we are still seeking a little bit of clarity, but we are getting close to having sufficient information for almost all farmers.

**The Chairperson:** Am I right in saying that a farmer who has 75% of his land in grassland and grows under 15 hectares of crop is exempt?

**Ms Pauline Rooney (Department of Agriculture and Rural Development):** That is more than likely to be the case. There is an exemption. If he has over 10 hectares of arable land, he has to consider the exemptions. If one of the exemptions applies if he has 75% of grass, which includes the grass that he is growing on his arable land, he probably is exempt, yes.

**The Chairperson:** Probably?

**Ms Rooney:** Off the top of my head, he probably is.

**The Chairperson:** OK. Hopefully, that will become clearer, too.

**Ms Rooney:** The rules are there. People will just have to think about whether it is arable land, and whether it is temporary grass or permanent grass on that arable land, to make sure that they get those things right. That is going to be complicated for anybody who needs to do it, and that is why we have the farm advisory system (FAS). That will help people. It applies to a small number of people, and, if they need help in working out, they can talk to their crops adviser in the DARD Direct offices.

**Mrs Dobson:** Andrew, thank you for your briefing. In the section titled "Preparation for the new Direct Payments", you talk about how "speculative applications" may hold back and delay payments. That is exactly the point that I made two weeks ago, when the Minister was here and Norman Fulton presented to us. What is your estimation of what you mean by "large numbers"? What steps is the Department taking to prepare for the new system and to manage the risk of speculative claims?

**Mr A Elliott:** Obviously, we never expect to find ourselves in a circumstance in which every claim will be perfect in every way. That is just too much to expect when you have 31,000 applicants, as we have at the moment. There might be thousands of cases in which people will have applied as a young farmer but are not in charge of the decision-making on the farm, do not control the purse strings on the farm, do not control the decisions about the purchase and sale of animals or are not making the decisions about the farming activities. We will have controls in place to try to establish that type of thing. If we find lots and lots of instances, that will slow down our ability to allocate entitlements to those farms.

**Mrs Dobson:** Do you have a ballpark figure from that 31,000? Your briefing paper states "large numbers".

**Mr A Elliott:** No, we cannot really speculate. When the arrangements for what would constitute CAP reform were first in the public domain, we found that the number of applicants dropped from 37,000 to 31,000, or thereabouts, from 2013 to 2014. That is a reduction of 6,000 in the number of what might, under the terms of the new CAP reform, be speculative applications. We think that that has further to go. The kind of situation that would cause us problems would be applications from 3,000, 4,000 or

5,000 people who fall into the category that I described earlier. Another example is of landowners who have not realised that the entitlements are no longer for them, or who are reluctant to come to terms with that. We will have controls to try to identify those individuals. If they are unsuccessful in establishing entitlements, that will have the potential to delay everyone's payments while we recalculate and reframe the arrangements for everyone else. Hopefully, our communications plan is designed to try to weed out as many of those people as possible.

**Mrs Dobson:** Your language suggests that you are expecting a significant number. You do not have the exact number, but you are expecting a significant number. I am concerned about the delays that that will lead to. I would have liked some clarity on how the investigations will be conducted so as not to cause too many delays, because that is a very real concern out there.

**Mr A Elliott:** It is very difficult to predict that. It is very difficult even to want to envisage that it will happen. We hope that we can get the message out there. Through MLAs, the farmers' union and other stakeholders, we hope that everyone gets the message that it is wasteful, at many levels, for the wrong person to try to establish the entitlements. Many mechanisms are available to businesses and individuals to try to manage that, other than themselves wrongly trying to establish entitlements.

**Mrs Dobson:** May I ask a supplementary question, Chair?

**The Chairperson:** A number of members want to ask questions, but you can ask one more quick question.

**Mrs Dobson:** The Chair touched on the issue of the head of holding. I have received an enormous number of phone calls about the head of holding and how that will impact on the young farmers scheme. Can you explain the eligibility criteria and what steps farmers need to take to ensure that they claim their entitlement? By what date does a young farmer need to register as head of holding to be eligible? I am getting an enormous number of calls about that, but there is no clarity on it. Can you give us clarity today?

**Mr A Elliott:** Yes, we have been working very hard to try to get greater certainty than that which we have been given to date on that issue. There are still a small number of loose ends to tie up. Pauline and Sharon may want to comment on that.

**Ms Rooney:** That issue is still outstanding, and we are trying to get clarity on it. Obviously, people will not want to disadvantage themselves. Once we are aware of the definition, we will seek to make people aware of it through press articles so that they can take it into account.

**Mrs Dobson:** So, there is no clarity around the issue.

**Ms Rooney:** Not yet.

**Mr McMullan:** Thank you for your presentation. There is a lot of concern around Europe's direction, for want of a better word. Are you clear on what Europe is asking for and telling you to do, or are there still a lot of things that Europe needs to explain?

**Mr A Elliott:** The European Commission has set up a unit to work specifically with paying agencies such as ours to try to ensure greater clarity in those areas, and it is finding itself having to deal with all kinds of particular situations that apply. The kinds of things that will apply on this island will be very different from the situations that will arise on a Greek island. It has to deal with that kind of diversity. The engagement that it is having will hopefully bring better clarity to the particular agricultural situations that you find. For example, we hope to meet that unit on 6 October in Belfast and spend time trying to clarify any residual issues that are not clear about the kinds of features that we find on our farms. We will do that in a detailed way, just to get absolute certainty. It is important to get some big-picture messages over here. Even before we know, for example, what the specific detailed head of holding controls will be, we can say that, if you put a 17-year-old in charge of a farm and the purse strings — whether the farm is making a profit or a loss — and your bank manager is content that that is the arrangement, and so on, that is the kind of person whom we are happy to welcome into the young farmer payment.

However, if it were a kind of artificial arrangement — if the young person were not really calling the shots and making the decisions — we would want to discourage people from trying to create those

kinds of arrangements and to make them appear on paper as though they are right. It may not be in the interests of the farm. Ultimately, it is about making the right decision for the farm business and ensuring that we do not incur disallowance down the road and then have to apply fines to farmers because the wrong person has been put on the form in year 1.

**Mr McMullan:** How much of this boils down to business decisions? We must get that across as well. This is one of the biggest business decisions that a farmer will take. It is not just a case of arguing that a young boy aged 18 can run the farm and all of that; it is a business decision that needs to be taken.

**Mr A Elliott:** Yes.

**Mr McMullan:** A lot of people out there are unclear in their views about whether Europe is playing the right game. They do not know whether they are putting the right answers to the questions that they are being asked and whether they will get answers in time for everybody to get it together for 2015. I have reservations about that. Hopefully, we can get answers back from the meeting that you are having on 6 October.

**Mr A Elliott:** It is certainly a big challenge for all of us involved in the delivery of the arrangements. It took rather a long time to get the policy agreed across all member states, and to get the final details in place has taken a very long time. We are working as best we possibly can with the programme that we have put in place to try to make sure that we can work to those tight schedules, but it creates massive risks for us. There is always the chance that some piece of functionality does not work and you have delay. That is always a risk that we manage, but we are doing our best to make it right first time.

**Mr McMullan:** Yes. I have a final question. We talked earlier about farmers taking on agents. Is your Department made aware of the role of the agent working with the farmer? We have had a lot of complaints that agents are not being given their place as the person to contact, for example. They are being bypassed, and the farmer is being contacted. We hear that quite a lot. Can something be done? For example, can a consent form be sent out for the farmer to sign so that the Department will contact the agent about every decision or if there is anything to be found out? That would save a lot of time and money and would get the system going quicker.

**Mr A Elliott:** I heard a little bit of the debate earlier but not all of it. The Northern Ireland Agricultural Consultants' Association (NIACA) is one of our most important stakeholders. It is an extremely important source of information for us when things are not going as well as they might. With the size of the population of farmers or claimants whom we deal with, there are always cases that do not go according to plan. There are always things that will go wrong. We therefore find it invaluable to have the relationship with NIACA and to have its representatives in regularly to talk to us about how things are going. That has been particularly true over the past two or three years because there has been so much change to the system, with new control, and so on. NIACA is an important conduit between us and farmers. We certainly find it an awful lot easier to engage and work with professionals like NIACA. We would encourage farmers who find it really complicated and difficult to deal with their own application, or to understand the rules, to work through a recognised and qualified agent, because that does make all the difference. What I will say, though, about recognition of agents is that we do have arrangements for that in place.

One of the issues that we will look at under CAP reform is whether the authorisations that are provided work effectively enough. For example, a farmer may give an authorisation for an agent at one level but not give the same authorisation for certain other activities and engagements with the Department. I think that that will become an important issue for us as we move online more — exactly what information the farmer is content for the agent to see, and so on. We have to have sets of rules that allow for certain levels of access for the agent. I think there is an issue with that, because, from time to time, agents come to us and say, as I think you heard today, "We found that we were blocked. We could have sorted out a problem for the farmer, but we were blocked by the rules in Orchard House or wherever". We always look at those situations when they are drawn to our attention to see whether we can get around them and sort them out. We are keen to do that, but now, in the light of all the online developments, we need to review that again. We will do that as part of the CAP reform work that we are doing to try to make sure that we make it easy for the agents to do a good job for their claimants. So, we take on board the issue and the comment, and we want to work with that.

**Mr Milne:** Thanks for your presentation. Most of the stuff that I was going to ask you has already been covered by the gentleman across the way. I think that it is important that, if somebody is encouraged to go online — online seems to be the way in which the Department and everybody else wants to go — professionals such as NIACA, the Northern Ireland Agricultural Producers' Association (NIAPA) and all those other groups should be given a consent form by the farmer so that you can correspond directly with them. If there is a slight hiccup, or whatever it is, deal with it there and then, and those groups can then overcome the problem. It would speed up the whole process. From listening to your conversation, you seem to be in that mode of thought. Am I right in saying that?

**Mr A Elliott:** I think that those consents are there. They are in place and work a lot of the time, but what we heard today is that there are times when they do not and there seems to be an obstacle in the way. Sometimes that can be a mistake on the part of a member of staff — that is bound to happen occasionally — but sometimes it may be because the consents are not for all the different activities that the farmer engages in, so the consent is only up to a certain level. That is why we need to review it again, because you are right. If there are things in our processes that are interfering with the good operation of the agent system, I want to get that sorted out. I want to make sure that we have a better system. That is something that we want to deal with in CAP reform.

**Mr Milne:** I understand, but would it not be best to tag a consent form on to the application form so that the farmer can sign that form and give authorisation to the agent to correspond on anything to do with single farm payments? People come to me with health issues and other serious issues. I get a consent form from those people, and I can then correspond directly with the Department of Health, the Department of Education or whatever and deal with the problem that they have presented to me. The situation is very straightforward. It should be the case that, if agents and professionals are encouraged to fill the forms in, why not clear the road for them? It would speed up the whole process.

**Mr A Elliott:** You are exactly right. Where, for example, you are enquiring on behalf of a constituent, we can share with you information that we might normally withhold from a third party who might be inquiring about it under freedom of information or under environmental impact regulations.

Those are the kinds of things that we need to look at as part of reviewing the authorisations for the agents to make sure that we can give agents as much access to information as the client will allow them to have. That is an important qualification, because sometimes what happens is that clients do not allow authorisation until the point at which they really need it, and then they perhaps wish they had given the authorisation. They may not have thought about it enough in advance. That can be an issue. As I said, we want to take a fresh look at that. We have been dealing with some other issues over the past couple of years, and we need to have an increased focus on that. We value the agents.

**Mr McAleer:** Thank you, Chair, and congratulations on your new position.

It is important to acknowledge that there has been a very good year-on-year improvement in getting single farm payments made in time. You hit the 90% target around Christmastime last year and that was a very good improvement.

Whilst we welcome that, it is also important to note that the two areas where remote sensing inspections were used, the Clogher and Bann valleys, had quite a high concentration of people whose payments were delayed. Have the issues that caused the delay with remote sensing inspections last year been ironed out?

**Mr A Elliott:** Yes. We do not envisage that any challenges and issues that we will have this year — and there will be challenges and issues — will relate to the problems we had last year. There were a number of issues last year, one of which was whether our communication with farmers who had encountered a remote sensing inspection was good enough. The answer we came up with was that it was not and that it could be improved. This year, it is our plan to write to any farmers who are involved in remote sensing cases and who will not receive their payments promptly. That will ensure that they are made aware of the fact that there has been remote sensing inspections.

The timing of those letters is important. We have not sent any out to date and the reason is that it would compromise the control. We now clearly understand that the right time to issue the letters is when the determined area notices go out; so, when all those farmers who will definitely get their payment on time, or are very likely to do so, receive their determined area notices. We plan to try to synchronise that activity this year, and those letters and communications will begin to be issued in the next few weeks.

In practice, these are the things that send a signal to claimants that their payments are likely to proceed.

**Mr McAleer:** I understand that there are four control zones this year. I have touched on this issue before, but have you had any conversations with the company that does this about the possibility of treating the Six Counties as a single zone? It would mean that you will not look at individual zones but at the whole area as one zone.

**Mr A Elliott:** There is a difficulty with this. The basis for the inspection is satellite imagery, which is purchased for a certain area. Just like any other part of Europe, we cannot really ask for the whole area to be taken. That would require an awful lot more satellite imagery overall. We have to strike a balance.

The reason for moving to four zones is that the farmers will not all be in two areas. The difficulty with having one big zone that covers the whole of the Six Counties would be that you would not have a sample; you are looking to go after 5% of your claimants. I do not think that it would work on a number of fronts: for practical reasons and the sheer problem of getting the satellite imagery for the whole country.

We will continue to work on it and improve and refine the way in which we do the remote sensing. The one big message that I have on remote sensing is that its use has accelerated the pace of payment overall. Inspection cases were paid faster last year than in any year previously. We expect that this will hopefully be the case this year and that we will continue to have a very high standard in paying inspection cases. An awful lot of the work has already been done in the field. Richard, do you want to add anything to that?

**Dr Richard Crowe (Department of Agriculture and Rural Development):** To support what Andrew has said, we have looked very closely at what was done last year with a view to improving it. The timing of our inspections has been sooner this year.

We touched on the number of zones and Andrew mentioned that the number has increased from two to four. Whilst there will still be a concentration in the zones, it means that there will be less impact on two very specific areas.

We have also determined to provide better communication to farmers. Again, as Andrew said, within the constraints of the control of remote sensing, we plan to issue notes to farmers around the time that determined area notices are issued.

**Mr McAleer:** Perfect.

**Mr Byrne:** Welcome. Thanks for the update. The last big allocation of entitlements for single farm payment was in 2005. Now, in 2014, there have been 31,000 applicants, and, in the previous year, there were almost 38,000 applicants. So, there is a massive change, or reorganisation, going on in relation to the applications that are going in. They have now gone up to 40% online, and the agents are telling us that they are making the necessary changes to field maps and maps on single farm payment applications, acting in good faith, but that the handshaking protocol between their computer online system and the in-house DARD computer system is not working, or that the Department's computer is not updating the changes. This is leading to a big discrepancy and a lot of pain and woe. This year, are we going to be in for chaos or not?

**Mr A Elliott:** What was the last little bit?

**Mr Byrne:** This year, are we going to be in for chaos or not?

**Mr A Elliott:** We are not going to be in for chaos this year. We are pretty confident about that. We do not really feel that we had chaos last year, though we realise that a number of people had difficulties, but I do not want to over-egg the scale of the problem that people had.

At the moment we are working on a major refresh of the mapping system. That is because we are required to regularly update the mapping system, so, unlike in the past when we held on to maps for a long time, we are moving into a process of updating maps more regularly. The new maps will come through later this year, probably in the next month or so, and will be issued to farmers. At the end of



that period, farmers will have to look at those maps. Any maps that require changes will be reissued by March at the latest. That process should basically wrap up any tail-end or residual issues with regard to farmer-notified changes and other kinds of changes that happened along the way that have not been entirely captured on our systems yet. So, I acknowledge the point that the agents are right to say that there have been a number of cases in which farmers have not yet successfully had the data that they notified from some time back captured on to the maps that we use in the Department, but we are aware of that. We are taking account of that, and we have a refresh coming in that will, hopefully, wrap up that issue in the next few months.

It will always be an issue for us. We need to make the systems work more smoothly as time goes by, and we have not yet been entirely successful when it comes to farmer-notified changes, but we are getting there. You are right. There is a problem for a small number of farmers, but, by and large, people have access to vastly superior data than in the past. If you talk to any of the agents or farmers who are using e-maps that we have made available, they are usually very complimentary about the quality of the information and detail that you can see on every field on your farm. We think that this is a real advantage for farmers. So, rather than dwelling on the understandable concerns of a few, we always have to keep an eye on what we are providing in respect of the big picture for a large number of claimants. That is a far superior mapping product than we have ever had before.

**Mr Byrne:** In relation to the new entitlements for 2015, they are going to be established on the basis of the new baseline at 2014. There is no mention of areas of natural constraint (ANCs) anywhere in your submission. Will the whole designation of ANCs and the complexity surrounding that impact on entitlements for 2015?

**Mr A Elliott:** No, it will not. The situation with regard to ANC is that, although the ANC scheme is due to kick off in 2015, the actual requirement to prepare maps and apply it to new ANC areas based on the actual terrain does not kick in until 2017. So, we have two years when we can rely on the severely disadvantaged area map as the basis for making payments under the ANC scheme. It is not a particular concern for us at this stage.

**Mr T Elliott:** Thanks very much for the presentation. To be fair to the agents, they indicated earlier that they feel that the new mapping system is extremely helpful. Mind you, I would add that, after 10 years, it should be. It is the third mapping system in place and I assume that you will get it right at some stage. Hopefully it is getting there now.

Oliver McMullan raised the issue around the agents and their request for more feedback. Andrew, you indicated that the Department will review that. Review it in what sense? With a view to doing what? What is the timescale? If it is to be a long process of review, it may be too late to do anything this year, especially around the inspections. Are you planning, or is it your intention, to give the agents more feedback and more of a place as agents? I said earlier that many other Departments and agencies recognise agents. For example, the Inland Revenue and the Planning Service recognise agents. Whether you are a qualified architect or not, it still recognises you as an agent. What is your view on that?

**Mr A Elliott:** We will want to respond to that pretty quickly. There needs to be absolute clarity on the part of any member of staff dealing with an agent that the agent has clear authorisation and gets access to the information, because that is what has been agreed with the original claimant. We will look at this in the context of the work that we are doing now for CAP reform next year. Pauline, do you want to say anything more specific about that?

**Ms Rooney:** We are starting to look at that because we have to think about how to allow people to get online easily and the barriers to doing that. One of the barriers is probably how people authorise others at the minute. We need to look at the levels of permissions and whether they are appropriate. They were fit for purpose when they were identified in the first instance but are they appropriate for what we need for CAP reform? We are also trying to integrate the schemes as much as we can, and we authorise people to do stuff for SFP and to do different things for agri-environment. So, if we want to integrate, we will look at the authorisation to cover all area-based schemes. Those are the kinds of areas that we are identifying that we need to look at.

The whole programme of CAP reform will take us three years to implement. There is a lot of stuff to do. We will have to do the absolute must-do stuff in 2015 because we have to get payments out. So, the must-dos are things that need to be in place to allow people to get paid, and then we will do stuff at another time that will make it easier. We will not be able to make it absolutely wonderful and all-

singing and all-dancing in 2015, but we definitely recognise that we need to look at that. If it is essential that we do it for 2015, we will do it, but it might be pushed out in time terms. Because of that, it is important that we concentrate on the things that will make the payments work in 2015 and get those over the line.

**Mr T Elliott:** Do you see any opportunities, through the review, to have, in the words of the agents, a more common-sense approach either coming down from Europe or through something that you can implement locally at your own level?

**Mr A Elliott:** The specific issue that we will look at in the context of CAP reform is the authorisation of agents to access information on the part of the claimant.

Another issue that came up was that people would like to see a more common-sense approach when a decision is made and when somebody feels that they made a mistake and that, if they had life to live over again, they would have ticked a different box on the claim form.

Those kinds of situations are a lot more difficult because the Commission has set in place some very clear and explicit rules about precisely when you can say that something was an obvious error and when you cannot do so, which means that, in practice, we will very often find ourselves dealing with situations where you feel sorry for the person because you can see that, in all probability, they made a mistake but where we do not have any mechanism in the regulations provided by the Commission to treat it as an obvious error, because there is nothing to prove that it was. In other words, we cannot distinguish between the rascal who is having a go and the person who just inadvertently made an innocent mistake, unless there is some other piece of information to demonstrate that it was an innocent mistake.

I know a little bit about this, off the top of my head, because one of the first things I had to do in the Department was to go to the conciliation body of the European Commission to argue a case for greater tolerance for obvious error. They were not prepared to accept that, and we got disallowance because we had been too relaxed in our approach to obvious errors, so we had to toughen up our systems with regard to that.

It is an area where the balance you are trying to strike is between keeping disallowance, and all the problems associated with it, down and trying, where possible, to identify where there has been a mistake made. If we can find something that evidences that, then, yes, absolutely, we will do it, but we cannot just take the word of mouth, "Oh, I'm sorry, it was a silly mistake".

It is unfortunate that this is where we are at, but there is not a lot of room for manoeuvre on this one. One positive thing I can say, though, is that the more accurately we can prepopulate forms and get people to go online, the better we are able to give them warnings up front when they are making those mistakes. Online applications have a big advantage over a paper form that lands in the Department, where, once we have it, we have to take what is on it. With the online form, when you are tapping in the numbers or ticking the box, we can put up little red boxes, asking, "Are you sure? Can you check?". We can give people a little bit of support before the form lands with us.

**Mr T Elliott:** I would love to have seen your explanation to the European Union about the difference between the rascal trying to defraud the system and the person making the genuine mistake.  
*[Laughter.]*

**Mr A Elliott:** I cannot remember whether I said it in French. *[Laughter.]*

**Mr Milne:** I want to return to innocent mistakes. Last year, 60 to 70 people missed out on countryside management because they did not tick the box. It was a change of form from previous years. If somebody has been claiming that for a number of years and then a change of form comes about and there is no tick in that box, that is an innocent mistake. Yet and withal, when the Department was challenged and they challenged themselves regarding it, there was nothing could be done about it. When are we going to start identifying innocent mistakes and put in place a system that can rectify them there and then?

**Mr A Elliott:** We look at each of these cases and weigh them and work on them. There are often situations when it is extremely frustrating that we cannot do more. I would say to every claimant that it is too important not to get it right. If you need to use a professional and capable agent to make sure

you do not make any of these mistakes, that is probably what a lot of people should contemplate doing because the money that is at stake is often significant.

**Mr Milne:** It is past now anyway, but for the future, if a situation like that arises where 60 or 70 people who normally get that benefit, if you like, do not tick the box because there is a new application form, surely there is an argument that that is a genuine mistake and that there has to be a system put in place to deal with that.

**Dr Crowe:** In situations like that, there are people who choose not to claim in any given year and we have a turnover of claims. That explains part of that. The other aspect, and we alluded to it, is that we can deal with only legitimate claims or claims that are made in the correct way. In that circumstance, the claim was not made or flagged. That left us with no alternative. Whilst we might have very many sympathies, the fact that the claim was not completed and made in that way signalled to us that the claimant did not intend to claim. That was where we were left with that.

**Mr Milne:** Anyway, I wanted to make the point and it has been made. Is there any new thinking on part-payments?

**Mr A Elliott:** There is the issue of advance payments in October. About eight or nine paying agencies in member states make half the single farm payment in mid-October. In the context of where we have been, we will get to that at some point in the future, but our first priority was to increase the proportion paid in December and give farmers the assurance that there was a much higher chance of them receiving a regular, steady payment in December. The gain you get from moving to October is a one-off gain. So, you get it in one year only and, then, every year after that, it goes back to a 12-month cycle, except that there is a much greater chance in each of those subsequent years that the controls are not complete and you will not receive your payment.

When I look back over the past three or four years at particular situations where farmers said that they wished they had a part-payment or could get some money early, I find that, in nearly all those cases, the people who said that are the people for whom an inspection was not completed or there was some other barrier to payment. Those are precisely the cases where we cannot make a part-payment anyway. So, those are the ones that would not receive even a part-payment. Think about it; with an October payment, some farmers would receive a payment as early as October and others would be held up until a much later date. The perception of inequality in that system would be much greater, because you are stretching out the payments over a much longer period.

Our first priority has been to try to get a very high percentage paid in December and to work in future years on the issue of advance payments. Hopefully, we will then be able to have that in the context of good, efficient, smooth controls.

The thing that has got in the way of this is CAP reform, because it brings in a whole new layer of complexity. I cannot tell you how complicated CAP reform is. It will be complicated for the farmers, but it is also very complicated for us. It is a very intricate system. The challenge for us will be maintaining our payments to the standard that we have reached, because of the challenge of putting all the systems in place and getting them processed. For me, that is the priority right now. However, I am mindful of the fact that the Minister does, in due course, want to see advance payments made, so we will not let go of that.

**Mr McAleer:** Thanks for that. Very briefly, I want to follow on from that. What is the possibility of extending the application window? Can it be opened earlier? Are there any EU rules governing the earliest date for when applications can be made? Opening it up earlier is certainly something that has been mentioned to us before.

**Ms Rooney:** I do not think that there is a rule about when it can open. There is definitely a rule about when it closes.

**Mr McAleer:** I understand that.

**Ms Rooney:** Over the past years, we have been opening it online at the start of March. It is very difficult to get all the information. The reason that the paper form goes out later is that you have a printing time. You can make the information available and get it in one place, but it then takes three or four weeks before you can turn that electronic information into a paper form that can be sent out. The

electronic version is available online from early March, and has been for the past number of years. That is what we are planning for this year. There are extra weeks there, and, if people would use them, it would be good.

In practice, we find that the large majority of people submit their forms in the past two weeks. Pressure is then put on the system. People say that they open the forms at Easter and look at them then. If they would just look at them at the start and work through it, then, if they needed any help or advice, there would be more time and capacity to do that, rather than leaving it to the last minute. Every year, we appeal for people to look at the forms early. We will do that again this year. This year, definitely, if we can get more people to go online, they can then take the opportunity to look at the early issue of the form and get it in as quickly as they can.

**Mr Byrne:** Chairman, I have just one question. In relation to discrepancies or disputes about a single farm payment to a farmer, the appeal mechanism seems to be very heavily loaded against the farmer or applicant. What can be done to have a more sensible appeals system, one that is more relevant and practical, does not take up as much resource of either agents or staff in the Department, and has a more meaningful and quicker outcome?

**Mr A Elliott:** The process is commonly known as an appeals process but we call it a review of decisions process because, technically, it is not an appeal to an independent and separate body. We bring an independent element into play through the panel members who look at the cases and give their views on them. The final decision, then, is still one for the Department, so it is not technically an appeals process in that respect.

The statistics show us that at stage 1 of the review of decisions process, the percentage of decisions changed is 16% or nearly 17%, so there is scope in the review of decisions process for change even at that early stage, which is quite a short, sharp look at the decision. When it gets to stage 2, which tends to be the stage at which the more complicated and challenging issues arise, we find that something like 48% of the decisions change either wholly or in part.

That would not suggest to me that we have a system that is not prepared to change if the original decision needs to be amended; it is quite the reverse. It is a system that allows for that. From a cultural point of view, I would be very adamant with my staff that if we have got it wrong, we want to correct it and put it right and use the review of decisions process to that end. We have no interest whatsoever in trying to preserve a decision that was not the right one at the outset.

The process we are currently running was reviewed in 2011 by PricewaterhouseCoopers. We worked closely alongside the Northern Ireland Agricultural Consultants Association, the Ulster Farmers' Union and the Northern Ireland Agricultural Producers' Association on that review and we introduced some changes arising from that. The review found the process to be fit for purpose. It did not say it was faultless or that we could not improve it; in fact, we are still working through some changes arising from that. It is a pretty good system in many respects and it allows for change where change is needed.

**Mr Byrne:** Can the system be speeded up or will we still have to go with a protracted system?

**Mr A Elliott:** It can and in fact it has. We have had a major increase in the turnaround of stage 1 reviews of decisions in the past year. I do not have the precise statistics to hand, but there was a very big increase in the proportion of decisions that had been turned around. Stage 2 is more challenging; it is a slower process, but in the past couple of years we have almost halved the number of days that it takes to process a stage 2 decision. It is still a very long and tortuous process and takes a very long time; but we have deployed additional resources to try to tackle that problem and are continuing to work at it. However, there is no doubt that it is a thorough and careful process, which also relies on the fact that we quite often have to go back to the claimant for further information. Sometimes, that can take a long time to obtain because it is a complicated scenario.

**The Chairperson:** Earlier, we were discussing the October monitoring round. There is a capital bid of £2.2 million for a new IT system for the new basic payment scheme. How important is that to the delivery of the new scheme and what happens if you do not receive that?

**Mr A Elliott:** Information technology goes right to the heart of being able to operate this and turn these payments around carefully. That is because there are so many checks that need to be carried out on every claim before it passes through. The more of those we can automate and test against good,

reliably updated databases the better; that is the essence of the Integrated Administration and Control (IACS) system. For us, it is absolutely instrumental; we would not be able to secure high levels of payments in a timely way without the IT investment absolutely at the heart of the Department's operations.

**The Chairperson:** OK. Thank you very much for your presentation and for answering questions. I am sure there will be many more issues and some of the same issues to go over again, but I appreciate your presence today.