

Rural Payments Agency Business Plan 2012/13



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Foreword by the Chief Executive Officer

I am delighted to be presenting the Rural Payments Agency's (RPA) first comprehensive annual Business Plan since I joined as Chief Executive Officer. This Business Plan covers the first year of our strategic Five Year Plan¹, which we published in February 2012.

RPA has made steady progress over the last year. We have improved our governance structure and appointed an entirely new Executive Team, all of whom are permanent civil servants. We have made more Single Payment Scheme payments to more customers, more quickly than in any previous year of the scheme, while maintaining a focus on quality and accuracy.

Nevertheless, we face a significant amount of change over the next few years. This is largely linked to the reform of the Common Agricultural Policy (CAP) due in 2014 or later. We will need to be in the right state to realise these changes and our Five Year Plan sets out how we are preparing for them.

Over the year covered by this Business Plan, we will be kick-starting our Five Year Plan. The first stage is to continue stabilising the agency to put ourselves in the best possible position to implement the CAP reform changes. We must keep in mind our twin objectives; delivering for our customers; and offering best value for money for the taxpayer.

We have a lot to deliver this year. We will succeed through the determination of our people to deliver for our customers, and with the support of our parent department, the Department for Environment, Food and Rural Affairs (Defra).



Mark Grimshaw
Chief Executive Officer

¹ rpa.defra.gov.uk/rpa/index.nsf/0/84B1E4D7F43C05408025799D003AC991

Executive Summary

RPA's purpose

- A. RPA's main tasks are to make Common Agricultural Policy (CAP) support payments, record livestock movements, carry out inspections and assure management and administration of CAP schemes at Natural England and the Forestry Commission. We manage more than 40 schemes, paying farmers and traders more than £2 billion each year. Our customers rely on us to pay them the money they are entitled to.

Our strategic goals and priorities

- B. In February 2012, we launched our Five Year Plan setting out our strategic goals and priorities between 2012 and 2017. The 2012/13 Business Plan sets out in more detail what we will deliver in year one of our Five Year Plan.

Improving our performance for our customers in 2012/13

- C. In relation to the 2011 Single Payment Scheme, we have reported our best ever performance, exceeding our December 2011 and March 2012 performance indicators for payments to customers. The indicators across all our business for 2012/13 aim to build on that to deliver more effectively to our customers. It is particularly worth highlighting the agency's commitment to pay 91% of SPS customers and 84% of SPS payments by value, by the end of December 2012. These indicators are supported by commitments we made to our customers through our Customer Charter.

Improving our future: Year one of our Five Year Plan: What we will deliver in 2012/13?

- D. Our Five Year Plan delivers in two main phases: the Strategic Improvement Plan, which stabilises the agency in preparation for CAP reform; and the Future Options Programme which will deliver the new CAP schemes. 2012/13 will be the first year of the Five Year Plan, during which we will be starting our Future Options Programme procurement process and beginning to implement our Strategic Improvement Plan. There are six main themes to the Strategic Improvement Plan within which we will deliver improvements in 2012/13:
- Cleansed data.
 - Improved processes and controls.
 - Maintained or improved technology.
 - Fit for purpose structure and corporate services.
 - Better customer service tools.
 - Improved people capability and capacity.

Our stakeholders

- E. We work closely with our stakeholders, which is essential to ensure we deliver the best possible services for our customers now, and that our Future Options Programme will deliver fit for purpose services for them in the future.

Governance

- F. Since our last Business Plan, we have better defined our governance structure internally and in relation to Defra. Key to this are the non-executives who are now part of the agency's governance to provide scrutiny and challenge. This governance and the associated enhancement in decision-making will help us deliver improvements this year and help drive our Five Year Plan.

Risk management

- G. We are actively looking to improve our risk management as we enter a period of substantial change around the delivery of our Five Year Plan. The Executive Team takes the lead in the majority of direct risk management activities to control individual risks on the agency's risk register. The Agency Management Board and Oversight Board also provide insight and challenge. The Audit and Risk Committee provides assurance to the Agency Management Board that risk management is effective within the agency.

Better regulation

- H. Most of RPA's work is laid down by European legislation. Therefore, rather than look for alternatives to legislation, the most achievable way for us to deliver better regulation is to make sure that we implement legislation as appropriately as possible.
- I. We are looking to implement the relevant recommendations of the Farming Regulation Task Force; improving our guidance; participating in the Red Tape Challenge; and developing a proportionate approach to CAP reform.

Big society and localism

- J. RPA collaborates with a wide range of national and regional organisations to deliver efficient and customer-focused payment of farm support in England. We have also established the RPA Farmer Panel, which we use to research independent views and insight from up to 1,000 farmers. The agency is a national employer with a strong regional presence.

Joint working and service delivery reform

- K. Joint working is also at the heart of RPA's work. As a paying agency we have responsibilities beyond our immediate organisational boundaries. With Defra, we are focused on joining up the customer experience so that it feels seamless no matter which part of the department our customers are dealing with.
- L. As part of our Future Options Programme we are currently exploring a much greater degree of partnering (with other parts of Defra, other government departments, industry, third parties) and we are also considering different ways to deliver our business.
- M. RPA is driving the use of electronic communications and services, in line with the Government's 'digital by default' approach. We are working with Defra in preparing for the new Single Government Website which is looking to simplify and improve online services. We are continuing to deliver and improve our SPS Online application service.

Sustainable development

- N. The vast majority of RPA's impact on the environment stems from the 'greenhouse gas' emissions we produce as a result of occupying our buildings. Last year we exceeded the Prime Minister's target of a 10% reduction in energy consumption. In 2009/10 we produced 5,002 tonnes of greenhouse gas emissions from our buildings and we are working to reduce our annual output to less than 4,200 tonnes of these emissions. RPA's occupational footprint has also declined as we have closed a number of smaller offices this year. We hope to continue in this positive direction during 2012/13.
- O. We have also made significant progress in reducing our waste, but the one area where we have not seen such a significant fall is in water consumption, where we have remained broadly static. This is an area we need to focus on in the year ahead.

Our purpose

1. RPA's main tasks are to make CAP support payments, record livestock movements, carry out inspections and assure management and administration of CAP schemes at Natural England and the Forestry Commission. We manage more than 40 schemes, paying farmers and traders more than £2 billion each year. To administer such a wide range of schemes and meet European Union (EU) requirements we manage information on more than two million land parcels and thirteen million cattle movements, and hold the personal data, including SPS entitlements data, of 120,000 customers. Our customers rely on us to pay them the money they are entitled to. Our work supports Defra's Structural Reform Plan, particularly in the key area of supporting British farming and encouraging sustainable food production. Our data and processes also support delivery of the 'Pillar 2' CAP schemes (agri-environment schemes and other non-direct payments) by other parts of the Defra network.

Our strategic goals and priorities

2. In February 2012, we launched our Five Year Plan setting out our strategic goals and priorities between 2012 and 2017. It sets out how we will deliver a better service to our customers, pay them the right amount of money on time, make the agency more effective and efficient and enhance our support of the rural economy. The Five Year Plan aims to overcome the legacy issues of inaccuracy, poor timeliness and failing to deliver value for money. It also contributes to the government's overall objective to support and develop British farming and encourage sustainable food production.
3. Our three core objectives over the next five years are:
 - To stabilise RPA. This will enable us to deliver all our schemes in the remaining CAP period; in line with value for money principles; to achieve acceptable payment accuracy; and to draw a line under legacy issues in order to remove the accounts qualifications.
 - To develop the specifications and procure the replacement systems that meet the CAP 2013 obligations and avoid the errors which stemmed from the introduction of CAP 2005.
 - To implement these new systems at best value for money for the taxpayer, without customer service issues or unexpected costs.
4. The 2012/13 Business Plan sets out in more detail what we will deliver in year one of our Five Year Plan.

Improving our performance for our customers and the taxpayer in 2012/13

5. In relation to the 2011 Single Payment Scheme, we have reported our best ever performance, exceeding our December 2011 and March 2012 performance indicators for payments to customers. The indicators across all our business for 2012/13 aim to build on that, to deliver more effectively to our customers. It is particularly worth highlighting the agency's commitment to pay 91% of SPS customers and 84% of SPS payments by value, by the end of December 2012.

6. Our full set of headline indicators are:
- Delivering service to our customers – an average customer satisfaction rate of at least 80% across the year.
 - Timely payment of the Single Payment Scheme – 91% of customers and 84% of value by the end of December 2012. 97% of customers and 97% of value by the end of March 2013.
 - Timely payment of application for Trader schemes – 95% within 28 calendar days of receipt, 99% within 60 calendar days of receipt.
 - Timely payment of applications to Rural Development Programme for England schemes – 98% within 5 working days of request.
 - Getting it right – to ensure accurate payments, measured at 98% of the financial value.
 - Maintain accurate records of cattle within Great Britain – record at least 98% of reported births, deaths and movements within 7 working days of receipt.
7. These are our commitments to our customers, which are supported by commitments made through our Customer Charter:
- We will return calls within one working day.
 - We will reply to letters within 15 working days or let you know when this is not possible.
 - We will acknowledge e-mails within 2 working days and reply in full within 15 working days, or let you know when this is not possible.
 - We will update your maps to reflect reported changes within 30 working days, or let you know when this is not possible.
 - We will normally post your requested cattle passports within 5 working days. If you apply online for your cattle passports, we will normally post them within 3 working days.
 - If you need to complain about our service, we will investigate and respond within 15 working days. If this is not possible we will agree a plan to resolve the complaint with you.
8. These are our commitments to our parent department, Defra, and the taxpayer:
- Maintain a focus on costs – we will continue to monitor the delegated budget from Defra using a range of agreed measures, for example, SPS cost per claim.
 - Minimise the risk of disallowance by a) having clear evidence to show activities to address specific audit recommendations, and b) development of a tool to better understand the impact of each audit recommendation.
 - Support the digital by default agenda by continuing to encourage our customers to use the electronic process for making applications to SPS, where we expect at least a third of applications to be made via this route.
 - We will continue validating identified over and under payments, raising invoices or releasing payments as appropriate and ensuring that the agency's accounts reflect the up-to-date position. Alongside that, we will, by the end of June 2012, present the Oversight Board with an assessment of the impact of this work on the issues giving rise to the qualification of the agency's 2010/11 accounts and options for any additional activity necessary to address these.
 - We will complete all SPS 2012 related inspections by 31 December 2012.
 - We will introduce an internal Quality Assurance Team that will quality assure the work of our people.

Improving our future

Year one of our Five Year Plan

What we will deliver in 2012/13?

9. Our Five Year Plan delivers in two main phases: the Strategic Improvement Plan, which stabilises the agency in preparation for CAP reform; and the Future Options Programme which will deliver the new CAP schemes. 2012/13 will be the first year of the Five Year Plan, during which we will be starting our Future Options Programme procurement process and beginning to implement our Strategic Improvement Plan. There are six main themes to the Strategic Improvement Plan which we detail below, along with what we will deliver in 2012/13:

Cleansed data

10. For this theme we will:
- develop and start to implement new processes to improve the accuracy of land data used to underpin SPS and key rural development schemes. We will start to proactively use satellite imagery, aerial photography and Ordnance Survey data;
 - continue to improve the process for entitlement transfers and corrections, and develop and populate an entitlements database that will support base information for the Future Options Programme;
 - identify issues in the quality and structure of our customer data; and start to improve the data, which we will use to improve engagement with our customers;
 - create a risk based approach to identifying, checking and where appropriate correcting the credit or debit position on customer accounts containing historic inaccuracies;
 - cleanse a large proportion of our Accounts Payable and Accounts Receivable ledgers to remove inaccuracies and anomalies; and
 - improve the interface between our SPS claim calculation and finance systems, reducing the need to check customer payments.

Improved processes and controls

11. During the year we will:
- improve the quality of the service we offer to our SPS customers with complex cases, and the service we offer to agents acting on behalf of customers;
 - review and optimise key business processes to improve performance, consistency and drive down cost;
 - improve the consistency of our services by introducing standard online guidance for our case workers;
 - define and establish a key control framework for each scheme that will make sure we minimise the risk of disallowance;
 - create a Quality Assurance Team to monitor compliance with our key processes and controls, identifying improvement opportunities; and
 - enhance management information and analytical capability to drive performance improvements.

Maintained or improved technology

12. Over the year we will:

- investigate the potential for closing previous scheme years to prevent unnecessary re-work;
- make SPS 2012 applications available in three formats for our customers (online, computer farm software and paper);
- enhance the SPS e-channel to improve online application submission and tracking; and
- address vulnerabilities in our current systems and infrastructure to make sure they remain supportable for the life of the current CAP scheme.

Fit for purpose structure and corporate services

13. For this theme we will:

- reorganise our people into a structure that supports a new customer-facing focus for our operations, and supports a consistent approach to delivering change;
- improve the management of our suppliers to deliver value for money; and
- work with Defra and other government departments to optimise the use of our estate.

Better customer service tools

14. During the year we will:

- improve our process for handling customer complaints and appeals, enabling us to learn from our mistakes; and
- segment our customer base to allow us to provide tailored information and guidance to our customers that will help them submit accurate applications.

Improved people capability and capacity

15. Throughout the year we will:

- be able to effectively plan and deploy our people to any priority activity;
- improve leadership at all levels through capability assessments, performance management and new talent development programmes; and
- improve engagement with our people to drive up professionalism and embed redefined agency values.

16. We will continue to produce information concerning the agency's workforce, diversity and higher level salaries as required by the Government's Equality and Transparency agendas. We will continue to build on progress with regard to the diversity of our workforce. We will monitor to ensure it continues to reflect local and national demographics, and look at increasing the diversity represented in our senior grades.

Our stakeholders

17. Working closely with our stakeholders is essential to ensuring that we deliver the best possible services for our customers now, and that our Future Options Programme will deliver fit for purpose services for them in the future.
18. The key stakeholders representing our customers include:
 - The National Farmers' Union.
 - The Tenant Farmers' Association.
 - The Country Land and Business Association.
 - The Central Association of Agricultural Valuers.
 - The British Institute of Agricultural Consultants.
 - The Institute of Agricultural Secretaries and Administrators.
 - The National Beef Association.
19. We work with our stakeholders and use their expertise to help drive planning and policy and to aid communication with their members. We are working with them to help develop and implement CAP 2013. The RPA Farmer Panel described later, is available to the Defra network and supplies farmers' views and opinions for practical decision-making when planning policy development.

Governance

20. Since our last Business Plan, we have better defined our governance structure internally and in relation to Defra. Key to this are the non-executives who are now part of the agency's governance to provide scrutiny and challenge. This governance and the associated improvement in decision-making will help us deliver improvements this year and help drive our Five Year Plan. A new RPA Framework Document² setting out our governance and responsibilities has been agreed by the RPA Oversight Board and the Minister for Agriculture and Food. It sets out the overarching framework for the sponsorship of RPA and the governance and accountability arrangements between the Government and the agency.
21. For more detail on governance and a diagram of the main governance relationships within RPA, please read Annexes B and C.

Risk management

22. We are actively looking to improve our risk management as we enter a period of substantial change to deliver our Five Year Plan. The Executive Team takes the lead in the majority of direct risk management activities to control individual risks on the agency's risk register. The Executive Team conducts an in depth risk review on a quarterly basis. The most significant of these risks are escalated to the Agency Management Board which also conducts its risk sessions every quarter; the Agency Management Board provides the strategic level advice and guidance towards managing these risks and looks for assurance from the Executive Team that they are being managed effectively.
23. The RPA Oversight Board periodically overviews the agency's key risks, and takes a keen interest, including through reviewing the agency's risk register.

² rpa.defra.gov.uk/rpa/index.nsf/UIMenu/6BE1459D1829662080256FDD003715B3?OpenDocument

24. The Audit and Risk Committee has also engaged and provided challenge on the agency's risk register which to help drive improvements to it. The committee provides assurance that risk management is effective within the agency, partly through evaluation of the outcomes of risk management.

Better regulation

25. RPA is absolutely committed to implementing the EU schemes it runs in as simple a manner as possible. Many of these schemes are highly prescriptive for paying agencies, with serious financial consequences for not following the prescribed processes. However, we recognise the importance of striking the right balance between control and flexibility to make sure that we give our customers the best opportunity to thrive.
26. Most of RPA's work is laid down by European legislation. Therefore, rather than look for alternatives to legislation, the most achievable way for us to deliver better regulation is to make sure that we implement legislation as appropriately as possible. However, we are always aware of the need to try different approaches, for example, in exploring how 'earned recognition', suggested by the Farming Regulation Task Force, would work.

Farming Regulation Task Force

27. RPA has enthusiastically embraced the recommendations of the Farming Regulation Task Force Report accepted by the department and, where relevant, the recommendations of the Forestry Regulation Task Force Report. For example, we have made a commitment that before developing and launching any new forms or guidance, we will consult closely with our stakeholders, including individual farmers. This will help to make sure that the language, content and format of our advice, guidance and other information is helpful, easily understood and correctly applied on farm.
28. We are also working closely with Defra on a range of measures, including around County Parish Holding number allocation and livestock movement reporting, which aim to simplify the current livestock regime, while offering livestock keepers increased flexibility to manage their holding in a way best suited to their individual needs.

Improved guidance

29. When the European Commission (EC) introduces regulatory changes which relate to our schemes and services, we must keep farmers and agents informed at the right time. This is critical in ensuring that farmers are operating within up-to-date guidelines and that we meet our paying agency obligations to the Commission. We are working to keep any new guidance actively helpful, to minimise the time needed for farmers to read, understand and apply any regulatory updates. We must balance the wish to make guidance shorter and simpler with the need to retain what our customers consider is full and essential information.
30. We have recently produced equality information concerning our customers as required by the Government's Equality and Transparency agendas. We will update and monitor this data to identify the best formats in which to provide our guidance so that customers are not unfairly disadvantaged as a result of any special requirements they may have. For further information on the RPA's equality objectives³ visit our website.

³ rpa.defra.gov.uk/rpa/index.nsf/0/AB50B005B26EA7FD80257990004DFE29

Red Tape Challenge

31. We are actively contributing to the Government's Red Tape Challenge, largely through our response to the Farm Regulation Task Force, but also through our work on improving the quality of our data and the customer experience.

CAP Reform

32. We are working very closely with Defra as the UK takes part in negotiations on the next CAP schemes. We will aim to influence the negotiations to develop schemes that are both effective and simple for our customers. If successful, this will mean real improvements for our customers in the next CAP scheme.

Big society and localism

Stakeholder engagement

33. RPA collaborates with a wide range of national and regional organisations to deliver efficient and customer-focused payment of farm support in England. These include a number of stakeholder organisations representing, and charitable organisations supporting, farmers, agents, consultants and farm administrators in England. We are often able to use their communication channels to get information to and seek views from our customers. We also support these organisations in delivering their own objectives, providing briefing and training events for their staff and members and taking part in events and seminars on relevant topics, run by them across England.

RPA Farmer Panel

34. We have also established the RPA Farmer Panel, which we use to research independent views and insight from up to 1,000 farmers. These volunteers represent a broad range of farm businesses; from smallholders to large farm enterprises; livestock, arable and mixed producers; users and non-users of Information Technology; and upland and lowland farmers from across England.
35. Each piece of research we conduct can use any number of volunteers from this panel. Members are selected by the research company to ensure that all segments are represented and that participation is anonymous. Surveys have ranged from 10 to 800 people taking part which has helped inform the agency on topics such as the SPS application and Rural Land Register mapping updates. Each person on the panel is contacted a maximum of four times then they are replaced. We make sure that their replacement is from the same farming segment to maintain the levels represented. We will be using the panel regularly in 2012/13 as we develop a more partner-based approach, especially to drafting guidance for farmers.

Localism

36. The agency is a national employer with a strong regional presence. We have offices in Reading, Carlisle, Exeter, Newcastle upon Tyne, Northallerton and Workington; and have more than thirty local inspectorate offices. As well as our six main sites, we maintain Drop-in Centres in several other places, including Crewe, Lincoln, Newmarket and Worcester between March and June for farmers and agents to deliver SPS application forms.

Joint working and service delivery reform

Working with the Defra network

37. Joint working is also at the heart of RPA's work. As a paying agency we have responsibilities beyond our immediate organisational boundaries. We work extremely closely with core Defra, Natural England, the Animal Health and Veterinary Laboratories Agency, Forestry Commission, Environment Agency and devolved administrations, among others. For example, our Rural Land Register is an asset for the department and we share it with Natural England. As paying agency we make payments for processes run by other parts of the Defra network. Beyond the Defra network we also work closely with Ordnance Survey whose products underpin our Rural Land Register.
38. With Defra, we are focused on joining up the customer experience so that it feels seamless no matter which part of the department our customers are dealing with. Part of the response to the Farming Regulation Task Force will be examining how we can better join up our guidance across the Defra network.
39. As part of our Future Options Programme we are currently exploring a much greater degree of partnering in the future (with other parts of Defra, other government departments, industry, third parties) and we are also considering different ways to deliver our business.

Digital by default

40. RPA is increasingly driving the use of electronic communications and services, in line with the Government's 'digital by default' approach. We are working with Defra in preparing for the new Single Government Website which is looking to simplify and improve online services.
41. We are continuing to deliver and improve our CTS Online and SPS Online services. In 2011/12, we made a number of improvements and will continue these in 2012/13 based on customer feedback and experience. Both services are available to all SPS applicants. We are promoting the SPS electronic channel service in all our guidance and on our website.

Sustainable development

42. The vast majority of RPA's impact on the environment stems from the greenhouse gas emissions we produce as a result of occupying our buildings. In 2009/10 we produced 5,002 tonnes of greenhouse gas emissions from our buildings. Our Greening Government Commitment target for 2011/12 is to reduce this to 4,527 tonnes. If this trend continues across the rest of the year, we are on target to meet this figure and indeed, we are working to reduce our annual output to less than 4,200 tonnes of these emissions. Last year we exceeded the Prime Minister's target of a 10% fall in energy consumption.
43. We have also made significant progress in reducing our waste, by producing less and recycling more. Total waste is expected to fall from 618 tonnes in 2009/10 to 365 tonnes in 2011/12. In 2009/10 we recycled or recovered 74% of our waste and in 2011/12 we expect this figure to exceed 90%. This is partly because we are making better use of electronic communication and data storage, and means that we are using less natural resource. We hope to continue in this positive direction during 2012/13.
44. The one area where we have not seen such a significant fall is in water consumption, where we have remained broadly static. This is an area we need to focus on in the year ahead.
45. RPA's occupational footprint has also declined. We have closed a number of smaller offices this year and now have the minimum number of offices or call points to cover the country. This again has reduced our overall environmental footprint. However, we needed to consider that our travelling officers, particularly our inspectors, have to be in the right locations to carry out their inspections with minimal environmental impact.
46. The agency has again been successful in meeting the requirements of the Environmental Management System International Organisation for Standardisation (ISO) ISO 14001:2004 at all of our main sites.

Annex A

Financial information

Table 1: 2012/13 Budget allocations

Admin		£000
Pay	A	36,789
Consultancy	B	729
Estates and Accommodation	B	12,438
Information Technology (IT)	B	46,079
Office Services	B	3,841
Travel and Subsistence (T&S)	B	1,622
Other Non-Pay	B	7,661
Temporary Employees	B	282
Advertising and Marketing	B	115
Depreciation	B	20,758
Non-Pay	Total B	93,525
Defra Core Income	C	(700)
External Income	C	(17)
Total Income	Total C	(717)
Grand Total		129,597
Programme		
Programme Running Cost IT	D	6,047
Programme Running Cost Pay	D	43,786
Programme Income	D	(1,003)
Programme Strategic Improvement Plan costs	D	2,500
Programme Estates	D	75
Programme Office Services	D	309
Programme T&S	D	1,771
Programme Other Costs	D	1,420
Programme Advertising	D	5
Programme Scheme Costs	D	5,300
	Total D	60,210
Total Resource Departmental Expenditure Limit (DEL)		189,807
Capital		
Project A: Strategic Improvement Plan		1,800
Total Capital Departmental Expenditure Limit (CDEL)		1,800
Total DEL		191,607
Total Annual Managed Expenditure (AME)		1,151

Table 2: 2012/13 Activity based budgets

	£000					
	Departmental Expenditure Limit					Annually Managed Expenditure
Key activities	Admin Pay	Admin Non-Pay	Admin Income	Programme	Capital	Programme
External Relations	3,064	1,338	-	-	-	-
Customer	3,424	630	-	-	-	-
Design and Change	5,182	8,835	-	-	-	-
Information Technology	4,330	22,427	-	5,260	-	-
Human Resources	3,112	2,406	-	-	-	-
Planning and Performance	4,642	629	-	-	-	-
Operations	-	-	-	47,150	-	-
Finance, Assurance and Commercials	10,125	4,313	-	-	-	-
Internal Audit	845	163	-	-	-	-
Strategic Improvement Plan/Future Options Programme	-	17,500	-	2,500	1,800	-
Centrally Managed Costs	2,065	34,567	-	5,300	-	1,151
Total	36,789	92,808	-	60,210	1,800	1,151

Table 3a: Indicative Spending Review allocations

		£000			
		2011/12 Forecast Outturn	2012/13 Budget	2013/14 Indicative Allocation	2014/15 Indicative Allocation
Admin Departmental Expenditure Limit (DEL)	Pay	27,780	36,789	-	-
	Non-Pay	55,870	92,808	-	-
	Income	(20)	-	-	-
	Total	83,630	129,597	111,796	100,616
Programme DEL	Programme Expenditure – Running Costs	78,660	54,910	-	-
	Programme Expenditure – Scheme	19,100	5,300	-	-
	Programme – Income	(100)	-	-	-
	Total	97,660	60,210	56,110	50,110
	Total Resource DEL	181,290	189,807	167,906	150,726
	Capital DEL	2,300	1,800	-	-
	Grand Total	183,590	191,607	167,906	150,726

Table 3b: Indicative requirement

	£000			
	2011/12 Forecast Outturn	2012/13 Budget	2013/14 Indicative Allocation	2014/15 Indicative Allocation
Indicative total Departmental Expenditure Limit (DEL) requirement*	183,590	191,607	188,252	182,522

*Indicative requirement for 2013/14 and 2014/15 is above the current indicative SR allocation. The Agency has presented this position to Defra's Central Approvals Panel (December 2011).

Table 4: Employee levels

	2011/12		2012/13		2013/14		2014/15	
	Admin	Prog	Admin	Prog	Admin	Prog	Admin	Prog
Permanent Employees	736.4	1,668.9	842.1	1,574.0	776.0	1,574.0	771.5	1,574.0
Consultants	10.1	4.0	5.6	-	2.0	-	2.0	-
Temporary Employees	27.3	-	9.3	-	21.0	5.0	21.0	5.0
Total	773.8	1,672.9	857.0	1,574.0	799.0	1,579.0	794.5	1,579.0
Permanent people movement from previous year	-	-	(105.7)	94.9	66.1	-	4.5	-

Table 5: Forecast balance sheet

Statement of Financial Position	£000	
	2010/11	Forecast 31/12/2011 2011/12
Property, Plant and Equipment	6,797	5,100
Other non-current Assets	56,603	38,000
Total non-current Assets	63,400	43,100
Stock	27,755	17,700
Trade and other receivables	509,269	424,000
Derivative asset	635	600
Cash and cash equivalents	220,481	220,000
Total current assets	758,140	662,300
Current Liabilities	(398,378)	(234,700)
Non-current liabilities	-	-
Other liabilities	(118,624)	(112,600)
Provisions	(2,697)	(3,000)
Assets less liabilities	301,841	355,100
General fund	301,429	350,000
Cash Flow Hedge Reserve	(3,362)	3,000
Revaluation reserve	3,774	2,100
Total taxpayers' equity	301,841	355,100

Table 6: Common areas of spend

Theme	Measure	2011/12
Estate Costs	Total office estate (sqm)	35,721
	Total cost of office estate (£m)	12.2
	Cost per FTE (£)	4,661
	Cost per sqm (£)	342
Procurement	Total procurement spend (£m)	67
Energy	Average price of energy (£/kwh)	0.09
IT	Total third party ICT costs (£m)	22.6
	Cost of desktop provision per headcount (£)	3,800
Corporate Service Cost	Human Resources (£m)	5,518
	Finance (£m)	14,438
	Procurement (£m)	Included in Finance
	Legal (£m)	1,000
	Communications (£m)	4,054
	Back office costs as a percentage of overall costs (%)	68.28 ⁴
People	Average people costs (£)	30,500
	Number of recruitment exceptions	76

⁴ This represents the RPA's Admin budget, which is the agency's total budget minus only our Operations Directorate and specific IT support costs (Programme costs).

Annex B

Governance

Roles of key individuals

47. Defra's Secretary of State is ultimately accountable for the policies, decisions and actions of the department and its arm's length bodies; but for RPA, responsibility has been devolved to the Minister of State for Agriculture and Food.
48. Defra's Permanent Secretary, as Principal Accounting Officer, is the principal adviser to the Secretary of State on matters affecting Defra as a whole. As Principal Accounting Officer the Permanent Secretary appoints RPA's Chief Executive.
49. The Chief Executive is designated as the agency's Accounting Officer by the Principal Accounting Officer, and must be satisfied that the agency has adequate risk management, financial systems and procedures in place to promote the efficient and economical conduct of its business, safeguard financial propriety and regularity, safeguard its reputation, and ensure business continuity.

Principal governance meetings

50. The Oversight Board is chaired by the Minister of State for Agriculture and Food and additionally comprises senior executives (from within Defra and the agency) and four non-executive directors. Two of the non-executive directors are the respective chairs of the Agency Management Board and the Audit and Risk Committee and the others are Defra non-executive directors. The purpose of the Oversight Board is to form part of the collective strategic and corporate leadership of the agency, bringing together ministerial and Civil Service leaders with non-executives from outside Government. Its remit is performance and delivery, including appropriate oversight.
51. The Agency Management Board brings together the Chief Executive Officer, nominated RPA executive directors and non-executive directors. The Defra Corporate Customer is also a member of the board. The Agency Management Board has responsibility for setting the agency's strategic direction and making strategic choices. It takes responsibility for the agency's performance and agrees the issues that should be escalated to Defra and the Oversight Board. It is chaired by a non-executive director. The chair and Chief Executive Officer work closely to ensure that the Agency Management Board effectively supports and challenges the agency's Executive Team.
52. The role of RPA's non-executive directors is to advise, support and challenge the Executive Team by bringing in experience and expertise from different areas, including the private sector.
53. The Audit and Risk Committee is formed of non-executive directors, some of whom also sit on the Agency Management Board. It is responsible for advising both the Agency Management Board and the Chief Executive Officer (as Accounting Officer) on matters relating to risk, control and governance.
54. The Executive Team is the primary tactical decision making group and brings together all the agency's executive directors. Its members also have key roles across the range of other governance activity which ensures consistency on the quality and appropriateness of where decisions are made.

55. The Disallowance and Accreditation Committee is responsible for providing advice to the Executive Team and Accounting Officer on matters relating to disallowance by the EU and to RPA's accreditation as an EU Paying Agency.
56. The principal governance meetings outlined above are also supported by a number of additional groups covering specific elements of the agency's operation. These have central roles in the management of some of the key risks associated with the RPA. These meetings are shown in Annex C.

Relationship between RPA and Defra

57. The Permanent Secretary has nominated a Corporate Owner, who is a member of the Defra Management Committee, to act on their behalf on day-to-day issues and generate the close contact needed between Defra and the agency. Specifically, the Corporate Owner supports the Minister in making sure that the Oversight Board does its job rigorously.
58. The Corporate Owner, on behalf of the Permanent Secretary, has appointed a Corporate Customer from within the senior management team. The role of the Corporate Customer is to provide a high level interface with the agency on all matters relating to the overall delivery and quality of services provided. They support the Minister and the Corporate Owner in making sure that Defra's and other agencies' requirements of RPA are being met.
59. Within the department, Defra's RPA Customer Policy Team has the day-to-day lead in advising the Minister, Corporate Owner and Corporate Customer on their responsibilities in relation to the agency. This involves balancing a range of interests that Defra, and Government more broadly, has in the organisation. The RPA's Customer Policy Team acts as the main Defra interface to the agency. In discharging its role, Defra's RPA Customer Policy Team works closely with the Executive Team, the Oversight Board (on which it is represented and holds the secretariat function) and other key stakeholders. The RPA's Customer Policy Team reports to the Corporate Customer.

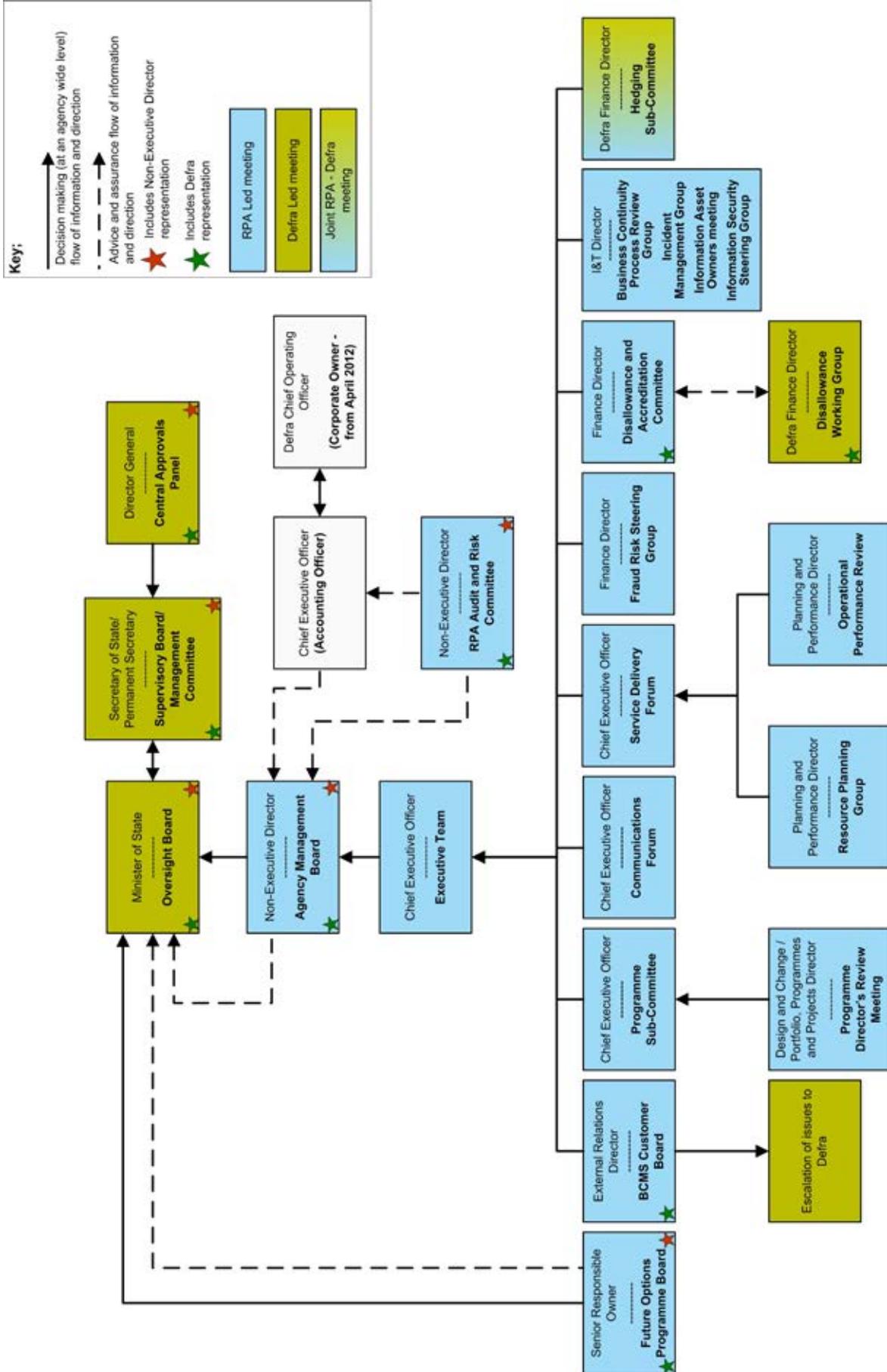
Internal control

60. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
61. The Governance Statement was introduced in April 2011 as part of the revised Corporate Governance Code. It describes how our internal governance, risk arrangements and system of internal controls work. The Agency Management Board oversees the maintenance of this statement and all executive directors supply an annual assurance statement giving an honest description of how effectively controls are being applied within the agency.

Annex C

Overview of RPA governance structure

RPA Governance Overview



Annex D

Potential new activity

62. The department has made RPA aware of a number of areas of potential new activity for this year. When the requirements become clearer, we will work with Defra to determine and agree what needs to be done and the best way to implement it, taking account of the fact that some activities will require new resources (which may have to be found by stopping existing activities). These areas include:

- The new EU Dairy Package is likely to have some impacts on RPA and our customers. We are presently working closely with Defra to prepare to analyse the detailed regulations due in 2012, and establish the scale and nature of the changes.
- Negotiations regarding the introduction of European legislation on the electronic identification of cattle are ongoing, and may require RPA to make changes to British Cattle Movement Service (BCMS).
- We will be looking at those producers who are currently suspended from the Fruit and Vegetable Producer Organisation Scheme to establish whether we can lift their suspensions or have to derecognise them.
- We are analysing our duties under the inspection regime for olive oil which may result in changes to our activities.

Annex E

How to contact us Our offices

Our main mailing address:

Rural Payments Agency
PO Box 300
Sheffield
S95 1AA

Reading

North Gate House
21-23 Valpy Street
Reading
RG1 1AF

Newcastle

Lancaster House
Hampshire Court
Newcastle Business Park
Newcastle upon Tyne
NE4 7YH

Northallerton

Alverton Court
Crosby Road
Northallerton
DL6 1AD

Carlisle

Eden Bridge House
Lowther Street
Carlisle
CA3 8DX

Exeter

Clyst House
Winslade Park
Clyst St Mary
Exeter
EX5 1DY

Workington (incl BCMS)

Curwen Road
Workington
CA14 2DD

Helpline numbers

- RPA helpline: 0845 603 7777
- BCMS helpline: 0845 050 1234
- BCMS Welsh language helpline: 0845 050 3456

Text Relay (previously known as Type Talk) is a telephone relay service which enables deaf, deafblind, deafened, hard of hearing and speech impaired people to communicate with hearing people by telephone. It is run by the Royal National Institute for Deaf People (RNID).

To contact us using Text Relay, dial 18001 followed by the full telephone number from your text phone.

Our website: rpa.defra.gov.uk

