

CAP Subsidy Payments

The Jigsaw Programme

1. In 1998 Ministers commissioned HEDRA Consulting to advise on measures needed to improve the poor services the then Welsh Office was providing to farmers.
2. HEDRA considered a number of options, including transferring our Paying Agency functions to MAFF, Intervention Board or the private sector. Following consultation with the industry, MPs and other interested parties, Ministers decided to retain the work in Wales, so securing the future of the Divisional Offices in Caernarfon, Carmarthen and Llandrindod Wells. HEDRA's recommendations were accepted on modernising the Divisional Offices and replacing the aged and outdated computer systems. The programme of change began in 1999.
3. The JIGSAW Programme Board decided to begin by changing the culture in CAPM Division to base it on strong leadership, good communications and the building of customer facing multi-skilled teams. Many new initiatives were put in place to improve our services to farmers in Wales and, crucially, staff were reorganised, trained and developed to prepare them for the introduction of new computer systems which would be the final piece in the JIGSAW.
4. The project to replace the existing IT systems began in earnest in May 2000 (the project is named CAPIT). This work was absolutely essential, not just because the existing systems were becoming difficult and expensive to support, but because new requirements in the pipeline (eg the need to base IACS on a Geographic Information system, new schemes as a result of CAP reform) could not have been supported by existing systems. Without a new IT system the Assembly could not have fulfilled its obligations to meet known-about regulations and may not have continued as an EU Paying Agency. In other words, we would have been back in the position of facing the possible transfer of work to other Paying Agencies in the UK, eg the RPA based in Reading. In such circumstances, the future of our Divisional Offices would have, once again, been in serious doubt.

The CAPIT Project

5. This is a joint effort by a team built around some new Assembly staff drafted in specifically to work on the project, a small number of existing Assembly IT staff who have moved across from the old system and our contractors, CAP Gemini Ernst and Young (CGE&Y).
6. CGE&Y's services were procured through a European wide competitive tendering process beginning in August 2000 and culminating in March 2001 with contract award. Some 76 organisations responded to the initial tender request.
7. The original CAPIT project plan was to complete core systems development by May 2002 and to migrate schemes from the existing or "legacy" systems throughout the remainder of the year and the first quarter of 2003.
8. By May 2002 the core system had been completed. It was based on:
 - A document management system (allowing all Divisional Office staff to have instant electronic access to all correspondence, forms and other contacts with individual customers);
 - Workflow technology (which provides queues of work for Divisional Office staff from which they can process claims in the appropriate order of importance or priority); and
 - Business rules logic which means that it is a generic flexible system able to cope with existing requirements, as well as any sort of new control or payment that might emerge in future years.
9. In addition to the migration of schemes from legacy to CAPIT, it has been necessary to complete a major piece of work to create a Geographic Information System for IACS

claimants (on which claims will be based from 2003 onwards) so that all parcels of land are digitised and captured for control purposes.

10. A number of problems have arisen during the lifetime of the project which have led to current payments being made later than we would have wished. These include: FMD; network problems requiring updates; availability of key staff who had to be moved from Carmarthen and Llandrindod Wells to Cardiff; business-related issues, especially the enormous exercise to complete Cattle Tracing System Cross-checks in advance of paying cattle subsidies; the introduction of a new Assembly finance computer system which has resulted in considerable effort to resolve technical and business interfaces; and a major effort to prepare, train and get staff used to new ways of working at the same time as longer than expected periods of testing to ensure robust controls.

Where we are now

11. We have always made it clear that implementing any change Programme is very risky, but particularly so for one which involves changing organisational structures and implementing new IT systems. By necessity the new system is complex and sophisticated and development/implementation resources scarce and costly. This creates additional business continuity issues as resources are finely balanced to maximise productivity and affordability. (Inevitably, it is the same expert staff on which we have to call to help design and test new systems as well as continue to manage: our 16,000+ IACS claimants; other controls such as quotas and physical field inspections; in excess of 150,000 payments per annum; interfaces and cross-checks with other agencies to ensure compliance with regulations; and monitoring and reporting to the European Commission and their auditors.)

12. The core system was placed into operation for IACS in May 2002. Owing to many of the impacts noted above, much of the subsequent IACS development work had to be completed during the summer of 2002. Consequently, the knock-on effect has been that IACS validation and all scheme development has been delayed compared to the original plan.

13. We now have a fully operational IACS system and the ability to control and make payments on a number of schemes. Our position on payments is attached at Annex 1 including:

- Payment windows;
- Start dates for payments this year;
- Progress to date; and, where appropriate
- Estimates for the next few months

Committee members also asked for information on how our performance compared with England's in previous years. Annex 2 is as much as we could gather in the time available.

The next year and beyond

14. The project now aims to complete by the beginning of 2004 (as opposed to the original March 2003 end date) leaving CAPM with a set of IT assets which can provide benefits in terms of:

- Process automation and control;
- A document management solution;
- Improved flexibility to handle new scheme complexity (crucial in the context of the Mid Term Review);
- Improved resilience and continuity of service;
- Vastly improved customer service in terms of timely and correct payments based on an IACS control system which is easier to understand because it will be based on digitised maps rather than strings of meaningless data as in the past;
- A fully compliant system in terms of adherence to regulations; and
- A system fully capable (with further development) of allowing electronic access for farmers to be able to access information, retrieve forms and submit and monitor

progress on their claims remotely and without having to telephone or spend long periods of time sitting in Divisional Offices.

15. A great deal of work has yet to be completed to ensure success and we will have many more challenges to face in 2003 to ensure business continuity and implementation is achieved whilst meeting industry expectations. Key to success will be our on-going communication with the industry and we have in place structures and processes to ensure farmers and their representatives are kept up to speed with developments as well as progress on individual payments.

16. It is however, important to note that once development work is completed on any individual aspect of the system, it will be immediately available for future years. Thus, the testing and development required in future years will be limited to new schemes or regulatory or policy changes to existing schemes.

Position Elsewhere

17. Other Paying Agencies in Europe will have to comply with regulations and modernise their systems. RPA have awarded a contract to Accenture to assist them to replace their systems next year and beyond.

18. Other European countries as well as candidate counties are also developing and implementing new systems and we have been visited by Sweden and Scotland who are interested in the solution we have developed. We are concentrating now on finalising systems for our own use, but in future years there may well be opportunities for the Assembly to transfer technology to other Paying Agencies and reap the rewards that might bring.

Subsidy payments update

Payments Situation by Scheme (as at COP 6 February 2003) An update will be provided at the meeting. (All figures quoted are post modulation)

General Situation Scheme Year 2002 – as at 6 February £83.6m has been paid in CAP subsidies to Farmers in Wales.

AAPS 2002

Payments Due 2002 Scheme Year Approx £10.5m

Payment Window 16 November 2002 – 31 January 2003 (31 March for cases involving the payment of non-food crops)

Payments made by cop 31 January 2003 (EU window) £5.8m (65% of claims)

Payments made 6 February 2003 £6.4m.

Percentage of claims paid 72.4%

SAPS 2002 and SNE

Payments Due 2002 Scheme Year Approx £65.8m

Payment Window 16 October 2002 - 31 March 2003

Payments made 6 February £62.7 m

Percentage of claims paid 96%

SAPS LFA Supplement

Payments Due 2002 Scheme Year £18.7m

Payment Window 16 October 2002 - 31 March 2003

Payments made 6 February 2003 £9.3m

Percentage of claims paid 60%

BSPS 2002

Payments Due 2002 Scheme Year Approx £23.8m

Payment Window 16 October 2002 - 30 June 2003

Advance Payments made 6 February £ 5.2m

Percentage of claims paid 38.7%

Each holding can make up to 12 claims in each scheme year. Each claim can become eligible for payment at different times depending upon when the claim was submitted. Consequently the percentage of claims can vary from day to day depending on when claims become eligible for payment. In addition, we need to complete CTS cross checks and, in some cases, wait for outstanding retention periods to finish. Payments being made as soon as that occurs.

SCPS 2002

Payments Due 2002 Scheme Year Approx £28.5m

Payment Window 16 October 2002 - 30 June 2003

We have not yet finalised the development of a payment system for these Advance payments. There is significant risk payments will not begin until well into March. Much depends on the success of further testing. We are doing everything possible to bring forward the start date for payments. The requirement to make CTS cross checks on all claims prior to payment has affected all territories.

Agri-env Schemes and FIG /FEG

ESA

Payments Due 2002 Scheme Year Approx £7,500,000

Payment Window – No window, payments due on anniversary of agreement

Payments made (as at 31 Jan.) – £4,000,000 (53%) - This is an estimate.

Payments are expected to re-start later this month.

FWS

Payments Due 2002 Scheme Year Approx £30,000

Payment Window - 16 October 2002 – 30 November 2002

Payments made (as at 30 November 2002 EU Window) £nil (0%)

Payment processing started 6 February 2003.

FWPS

Payments Due 2002 Scheme Year Approx £400,000

Payment Window - 16 October 2002 – 30 November 2002

Payments made (as at 30 November 2002 EU Window) £nil (0%)

Payment processing started 6 February 2003

Habitat

Payments Due 2002 Scheme Year Approx £650,000

Payment Window - No window, payments due on anniversary of agreement

Payments made (as at 6 February) £350,000 (54%) -.

Payments are expected to restart later this month.

Organic Aid

Payments Due 2002 Scheme Year Approx £50,000

Payment Window - No window, payments due on anniversary of agreement

Payments made (as at 6 February) £25,000 (50%) Payments are expected to restart later this month.

Organic Farming

Payments Due 2002 Scheme Year Approx £3,000,000

Payment Window - No window, payments due on anniversary of agreement

Payments made (as at 6 February) £600,000 (20%) Payments are expected to restart later this month

Moorland Scheme

Payments Due 2002 Scheme Year Approx £90,000

Payment Window - No window, payments due on anniversary of agreement

Payments made (as at 6 February) £90,000 (100%)

FIG/ FEG

Payments Due Approx £ 690,000

Payment Window - No window, payments due upon receipt of valid claim for work completed.

Payments made (as at 6 February 2003) £ 404,000 (59%)

Payment processing restarted 6 February

SCHEME	2000	2001	2002
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	WALES	ENGLAND	WALES	ENGLAND	WALES	ENGLAND
BSPS						
Advance Payment	Payments started 13 November 2000	Payments started 16 October 2000	Payments started 26 October 2001	Payments started 9 November 2001	Payments started 18 December 2002	Payments started 16 October 2002
Balance Payment	Payments started 20 April 2000	Payments started 1 April 2000	Payments started 23 April 2002	Payments started 1 April 2002		
SCPS						
Advance Payment	Payments started 18 December 2000	Payments started November 2000	Payments started 26 October 2001	Payments started 9 January 2002	Payments not yet started	Payments started 20 December 2002
Balance Payment	Payments started 5 April 2001	Payments started April 2001	Payments started 26 April 2002	Payments started 2 nd week of June 2002		
SAPS						
1st Advance	Payments started 3 July 2000	Payments started 27 July 2000	Payments started 4 July 2001 – 90% processed by end July 2001	Payments started 23 July 2001		
2nd Advance	Rate received 18 October 2000 – 90% of claims processed within 6 working days	Payments started Mid November 2000	Payments started 16 October 2001 – 96% processed by 17 October 2001	Payments started 29 October 2001		
Balance	Payments started 21 March 2001 – 95% processed by 12 April 2001	Payments started mid April 2001	Payments started 18 February 2002 – 92% of claims processed by 25 March 2002	Payments started mid April 2002		
Single Payment					Payments started 18 November 2002	Payments started 16 October 2002
LFA					Payments started 12 December 2002	Payments started 4 November 2003
AAPS	Payments started 14 December 2000	Payments started 16 November 2000	Payments started 30 November 2001	Payments started 16 November 2001	Payments started 29 January 2003	Payments started 16 November 2002
