



PUBLIC AUDIT AND POST-LEGISLATIVE SCRUTINY COMMITTEE

AGENDA

19th Meeting, 2017 (Session 5)

Thursday 7 September 2017

The Committee will meet at 9.00 am in the Adam Smith Room (CR5).

1. **Declaration of interests:** Bill Bowman MSP will be invited to declare any relevant interests.
2. **Decisions on taking business in private:** The Committee will decide whether to take item 4 in private and to agree to consider its work programme in private at a future meeting.
3. **Common Agricultural Policy Futures programme: further update:** The Committee will take evidence from—

Liz Ditchburn, Director-General Economy, and Elinor Mitchell, Director, Agriculture, Food and Rural Communities, Scottish Government.

4. **Common Agricultural Policy Futures programme: further update:** The Committee will consider the evidence heard at agenda item 3 and take evidence from—

Caroline Gardner, Auditor General for Scotland;

Gemma Diamond, Senior Manager, Audit Scotland.

5. **Post-legislative scrutiny - National Fraud Initiative report (in private):** The Committee will consider a draft report.

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The papers for this meeting are as follows—

ITEM 3

Common Agricultural Policy Futures Programme

PAPLS/S5/17/19/1

PRIVATE PAPER

PAPLS/S5/17/19/2
(P)

ITEM 5

PRIVATE PAPER

PAPLS/S5/17/19/3
(P)

Public Audit and Post-legislative Scrutiny Committee

19th Meeting, 2017 (Session 5), Thursday 7 September 2017

Common Agricultural Policy Futures Programme: Further update

Introduction

1. The Committee will take evidence from Scottish Government officials on the Auditor General's [report](#), 'Common Agricultural Policy Futures programme: Further update'¹. On 29 June 2017, the Committee took oral evidence from the Auditor General on this update – the Official Report of the meeting is available [here](#).²
2. The new report provides an update on the Auditor General's [last report](#) on CAP Futures, which was published in May 2016 and was considered at length by both this Committee and the Rural Economy and Connectivity (REC) Committee. This Committee's previous work on CAP Futures is available [here](#), the REC Committee's work to date can be found [here](#).

Written submission

3. The Scottish Government has provided a written submission, attached below, that addresses the recommendations in the Auditor General's update report.

¹ http://www.parliament.scot/S5_Public_Audit/CapFutures2.pdf

² <http://www.parliament.scot/parliamentarybusiness/report.aspx?r=11050&mode=pdf>

Common Agricultural Policy Futures programme – further update on recommendations

1. In our May 2016 report, we made four recommendations and an assessment of progress against these is included in the report. Three of the recommendations are still in progress and we have updated the recommendations as follows.

- **Complete a detailed assessment of the risk of financial penalties to inform decisions on the prioritisation of further work to improve and add functionality to the system.**
- **Prioritise time for the transfer of knowledge and expertise from programme staff to staff in the business.**
- **Develop and test a disaster recovery solution covering the whole IT system taking account of the level of risk that the Scottish Government is prepared to accept.**

Update on progress

We are continuing to prioritise work in these areas to address the recommendations made.

We have significantly overhauled our governance arrangements and the assessment of risk from financial penalties is now an embedded feature of our governance arrangements and this is a key feature of our decision making processes.

We are currently working to establish the right mix of contractor and in-house staff to support RP&S and where everyone involved in using and supporting the system knows how their role fits within a coherent whole.

We are continuing to implement our knowledge transfer plans in the context of challenging delivery deadlines which requires the continuing input from key contractors and staff from immediate priority tasks.

There are appropriate disaster recovery solutions in place for our two separate platforms (SIACS and RP&S). The Disaster Recovery position is constantly developing and forms a feature part of infrastructure planning and application support.

2. The Scottish Government is undertaking a range of activity to improve business processes in the longer term. We support this and highlight the following areas we consider important for the Scottish Government to prioritise:

- **Put arrangements in place to ensure requirements are clearly defined, including the number and availability of specialist staff with relevant expertise.**
- **Develop and keep under review processes for monitoring and testing quality.**
- **Develop a framework to prioritise future investment in the system; this should balance:**
 - **budget availability**
 - **customer expectations**
 - **EC regulations and audit findings**
 - **IT system requirements.**
- **Develop a benefit realisation plan to record and monitor all potential benefits and value that the system can provide.**

- **Communicate clearly the payment timescales and processes to farmers, crofters and rural businesses.**
- **Communicate clearly with staff about the values and new ways of working in the directorate.**
- **Ensure leadership operates strategically across the directorate.**

Update on progress and actions underway

We have engaged closely with our key contractor, CGI, to consider future programme requirements and are putting in place clear delivery plans which will support future IT delivery. While we will continue to utilise appropriate contract staff, we also have a number of recruitment campaigns in progress to recruit specialist resources across the business.

We have introduced new testing processes along with industry standard metrics for the releases that were commenced in 2017. We use industry standard metrics during System Integration Testing to monitor progress against test plans and the pass rates. These metrics are reported daily during the testing phase and we are able to compare latest results to past releases. Results from recent releases are showing an improving trend and the Fujitsu Independent Review acknowledged the improvement both in the processes and in the quality that has resulted.

In terms of developing a framework to prioritise future investment, we have introduced a new commissioning process that underpins decision-making and ensures relevant information is collated before decisions are made. We have robust and regular budget monitoring systems and we have introduced an annual business planning process to help map out future change requirements. We have overhauled our business-wide governance arrangements and introduced a Business Design and Change Authority (BDCA) to gate-keep business requirements and process changes.

We remain on track to develop a robust Benefits Realisation Plan by the end of March 2018 led by a dedicated member of staff to allow ongoing recording and monitoring of all potential benefits and value that can be realised from our investment.

We remain on track to issue the payment schedule to all our customers by the end of September 2017. We continue to ensure that our customers, farmers and crofters are kept informed about payment progress through a range of media. We have reviewed our current communications and put in place a detailed plan for customer and stakeholder engagement which is kept under regular review.

There is a range of actions and activity in place in relation to communication and staff engagement. Highlights include the establishment of a People, Resourcing and Change Board with representation from staff at every grade in the organisation. The purpose of the Board is to ensure that the directorate has the capacity, capability and resilience to deliver its objectives effectively and will have oversight of and drive forward work in relation to workforce and recruitment; learning & development; SG people survey; organisational development (including change support); and staff engagement. We are implementing a resourcing plan and developing a succession plan for key posts.

The directorate has undergone substantial change in personnel within the senior management team. This new team has agreed and shared the directorate's vision and strategic objectives which provides for a clear pathway for delivery across the whole directorate. More specifically in relation to CAP payments, we have split responsibility for

RPID into two divisions; Agricultural Policy Implementation and Agricultural Delivery. This has increased management bandwidth and also injected new skills into this key work area, and brought a sharp focus on delivery and audit assurance and accreditation.