25 November 2016

Dear Mr Mountain,

**Update to the Rural Economy and Connectivity Committee**

I am writing to provide an update to the Committee on several items related to Subordinate Legislation, CAP overtime costs and the IT system, following my appearance at the Committee meeting on 21 September. As I said in my statement to Parliament on 13 September, I will report back to Parliament in January next year on progress.

For ease of reference I have detailed the questions for which you requested clarification and their subsequent responses below.

I trust that the information will be useful to the members of the Committee.

Yours sincerely

FERGUS EWING
Subordinate Legislation: The Prohibited Procedures on Protected Animals (Exemptions) (Scotland) Amendment Regulations 2016.

- The Cabinet Secretary confirmed that lost tags would not be replaced. The committee therefore questions the need for a tag and seeks clarification on why a tag is required after the sample has been taken. The Committee is concerned that tags may cause unnecessary damage to the ear. – The purpose of the tag is to take a tissue sample and not to identify the animal as such. It therefore provides a definitive link between the animal sampled and the tissue sample collected. Once the sample has been taken it can be independently verified and, whilst it should ideally remain in place, there is no requirement to replace any lost tag.

CAP: Overtime costs

Further to the answer provided, which suggests that the overtime in 2015/16 was in the region of £150,000 please can you provide the following information:

- How much overtime relating to resolving CAP IT issues has been paid to date in 2016? The overtime costs across the Rural Payments and Inspections Division Area Office staff in the financial year 2015/16 totalled just under £348,000, however it is not possible to breakdown this figure to categorise how much of this spend related specifically to processing CAP IT issues.

- What is the annual salary cost of the 72 members of staff recruited to the area offices? – The total cost of employing the additional staff across the Rural Payments and Inspections Division was £780,000 in the financial year 2015/16; this figure included the recruitment of both temporary and permanent members of staff.

- What are the total CAPITAL costs associated with the additional 72 staff in the area offices? – Please see above.

- When the 72 additional staff have completed the delivery of the CAP payments will they be dismissed? – Approximately 40 permanent members of staff were appointed during the 2015/16 financial year as part of the Scottish Government normal recruitment cycle. The remaining 32 staff members were temporarily appointed according to business need. The expectation would be that they would be terminated at the end of their contract – again depending upon business need.

- Are there any other additional costs associated with the delivery of farm payments that have occurred in 2014/15 and 2015/16 not covered above and if so what and how much are they? – Other additional costs above and beyond the normal Scottish Government costs associated with administering the delivery of CAP Payments are the costs of the Futures Programme. However the largest cost associated with the Futures Programme is that of the IT system. Although the system is expensive (£178m), it was an EU requirement part of the CAP reform. The cost is very small fraction(c. 4%) of the £4 billion that the Scottish Government will deliver using this IT over the 7 year CAP cycle, although the system is expected to last significantly longer.

CAP IT system

- No mention has been made to any functionality that has been removed from the contract. Are all the forward looking functions to be delivered as promised and if so when? – The decision on what elements would be included in the scope of the Futures Programme was taken based upon ensuring delivery of a CAP compliant system.
The elements which were de-scoped included mobile enablement, text messaging capability, information customer self-service channels (better mobile working capability for staff and customer portal), and transition to electronic record management. Decisions as to whether those elements will be included in future and when these will be delivered, will be taken on a case by case basis, based upon a business case for each element.

I trust that this information is useful to the members of the Committee.

Yours sincerely

FERGUS EWING