

The Welsh Assembly Government's response to the report of the National Assembly Audit Committee's report on Late Payments to Farmers in Wales: Committee Report (2) 03-04

Recommendations:

- 1. Sets itself a target for making CAP payments to farmers as early as possible within the payment windows, and that this target is communicated to farmers and performance against it is closely monitored;**

Recommendation Accepted

The Assembly has always aimed to pay farmers as quickly as possible. For the 2003 scheme year a significant number of eligible claims were paid on the first day of each payment window. This is the first time this level of performance has been achieved. CAPM will publicise the payment targets for the 2004 scheme year in the Assembly's Gwlad magazine, which is sent directly to the farmers. We will subsequently report actual performance achieved.

- 2. Takes decisions about its resources, particularly staff and their locations, against criteria which include consideration of where the risks to its business lie;**

Recommendation Accepted

Any decisions about staff and their location will be made taking full account of the risks and whether they can be mitigated or managed, together with a proper assessment of the impact of any decision on the service provided to customers.

- 3. Should it find itself in a similar situation in the future, give more thought to how it can help farmers cope with short term financial consequences;**

Recommendation Accepted

The programme to manage the implementation of CAP reform has just started. The programme's contingency plan will set out what we would do to help farmers cope with the short term financial consequences if payments are not made within the payment window.

- 4. In the future, when it considered that compensation to a client such as a farmer is appropriate it fixes the level of that compensation having regard to the losses actually incurred by the client;**

Recommendation Partially Accepted

It is not possible to establish and verify the impact and cost to different individuals or businesses who receive a late grant payment.

The current level of compensation paid to farmers is at a rate agreed by all the United Kingdom agriculture departments. Therefore on occasions when it is judged that compensation should be paid, the Welsh Assembly Government will continue to pay at the agreed common rate. However, in view of the committees' concerns, the Welsh Assembly Government will review the present level of compensation in consultation with the other UK departments at the next heads of IACS meeting later this year.

- 5. When in difficult circumstances such as explaining subsidy payment delays to farmers, pays more attention to the messages it gives out in order that it manages more effectively the expectations of others;**

Recommendation Accepted

A qualified communication officer is being appointed to work on the CAP reform programme. This person's role will be to help ensure that the messages we give are clear, unambiguous and delivered in a timely way so that expectations are managed. In addition, we are working closely with the farming bodies and other stakeholders so that they can help us communicate the key messages to farmers.

- 6. Normally seeks to set fixed budgets for all projects as a mechanism for keeping tighter control over expenditure.**

Recommendation Accepted

The Assembly Government normally fixes a budget for all projects. Under the MERLIN contract with the Siemens Alliance, which will cover all future Assembly projects, each project will be individually assessed with a view to deciding on the most appropriate type of contract in each case. The MERLIN contract provides the scope to select one of a number of charging mechanisms to ensure value for money. These include fixed price, time and materials, and risk and reward sharing.