

Framework Document

Rural Payments Agency

April 2012

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FOREWORD BY THE SECRETARY OF STATE



I am pleased to introduce the updated Framework Document for the Rural Payments Agency (RPA).

RPA is responsible for making payments for a wide range of Common Agricultural Policy (CAP) schemes within England and in some cases, the UK as well as for operating livestock identification services across Great Britain. It is therefore critical that the Agency is able to deliver good quality value for money services to customers and stakeholders.

Improving the performance of RPA has been a high priority for the coalition Government, given the troubled introduction of the Single Payment Scheme in 2005 and subsequent legacy issues. Addressing recommendations made by the 2013 Review of RPA and earlier recommendations made by the Public Accounts Committee, has formed a key strand in stabilising the Agency. This work has been overseen by the RPA Oversight Board, which the Rt. Hon Jim Paice MP, Minister of State, established and chairs. In particular, the Board has welcomed the publication of RPA's Five Year Plan that sets the direction and focus for the Agency's activities over the next five years.

The Framework Document sets out the governance arrangements within which RPA and Defra operate. It has been updated to reflect the establishment of the RPA Oversight Board and other corporate changes. The document provides a sound basis for RPA's continued programme of improvement as well as preparing for forthcoming challenges such as 2013 CAP reform.

A handwritten signature in black ink that reads "Caroline Spelman". The signature is written in a cursive, flowing style.

The Rt. Hon Caroline Spelman MP

Secretary of State for Environment, Food & Rural Affairs

CONTENTS

1. Introduction
2. Status
3. Strategic Context
4. Policy Framework
5. Governance Framework
6. Arrangements for Risk Management
7. Relationship with Government Departments and other External Stakeholders
8. Machinery for Accounting, Audit, Monitoring and Reporting
9. Public Comments and Complaints
10. Recruitment, Pay and Personnel Management
11. Arrangements for Changing the Framework Document

ANNEX A – COMPLIANCE GUIDANCE

1. INTRODUCTION

1.1 This Framework Document sets out the overarching framework for the governance and accountability arrangements between Government and RPA. It has been drawn up by the Department for Environment, Food and Rural Affairs (Defra).

1.2 Copies of the document and any subsequent amendments are placed in the Libraries of both Houses of Parliament and made available to members of the public on [RPA's website](#).

2. STATUS

2.1 RPA is an Executive Agency of Defra.

2.2 Established in October 2001, RPA is an accredited EU Paying Agency and operates in accordance with the current accreditation requirements set out in Council Regulation 1290/2005 and Commission Regulation 885/2006. It also acts as the UK Funding Body under the provisions of Commission Regulation 885/2006.

2.3 As the only accredited Paying Agency in England, RPA has responsibility for delivery of direct aids and rural development payments to English farmers. It is also the Paying Agency for market support measures on a UK basis as prescribed by the Secretary of State for Environment, Food and Rural Affairs (hereafter referred to as “the Secretary of State”) and, as appropriate, following agreement with Scottish Ministers, the Welsh Government and the Department for Agriculture and Rural Development, Northern Ireland.

2.4 In addition, as Funding Body, RPA has responsibility for the receipt and administration of monies from the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development.

2.5 RPA also has responsibility for livestock identification and traceability services within Great Britain.

2.6 RPA’s headquarters is located in Reading. It also has major offices in Carlisle, Exeter, Newcastle, Northallerton and Workington. As at April 2012, RPA employed in the region of 2,400 people across its sites.

3. STRATEGIC CONTEXT

Role of Rural Payments Agency

3.1 As part of Defra and an accredited EU Paying Agency, RPA supports farmers, traders and rural businesses in the UK by managing around 40 schemes and making annual payments of over £2 billion.

3.2 RPA:

- Ensures that farmers, rural businesses and traders are paid what is due to them under the rules governing EU and UK agricultural schemes;
- Ensures that EU requirements on managing agricultural markets are met by e.g. managing milk quotas and various forms of licensing;
- Manages a number of Corporate Databases including: the Rural Land Register, Defra's database of land used for the administration of all land-based CAP schemes; Customer Register with information used within RPA and shared with other Defra family members; and animal tracing systems including the Cattle Tracing System across Great Britain and the Animal Movement Licensing System for sheep, pigs and goats;
- Works with farmers to collect and manage the information about farms, livestock and rural land used by RPA and Defra; and
- Undertakes inspections each year at sites including farms, processing plants and fresh produce markets in England.

Vision

3.3 Defra's vision for RPA is of a professional agency, trusted and respected by farmers and other customers and stakeholders to deliver:

- A timely, efficient and accurate service for its customers;
- Effective payment and business controls that satisfy EU and UK rules and that reduce risks to Government;
- Simplification in scheme administration, working with Defra and EU, in order to improve value for money and reduce burdens on its customers;
- Authoritative data on the rural environment which can be used across the Defra network for making and implementing policy;
- Positive collaboration within the Defra network to increase operational knowledge and improve customer insight; and
- Openness and accountability by making information available to taxpayers and users of its services within regulatory constraints.

Outcomes and Performance Indicators

3.4 RPA operates within a Strategic Plan and annual Business Plan. The former sets the Agency's duties and priorities as set by Ministers while the latter sets annual performance indicators as endorsed by the RPA Oversight Board. Both documents are placed in the Libraries of both Houses of Parliament and published on RPA's website. See section 8.

Contribution to Defra's Goals

3.5 The Strategic Plan will be developed and will contribute to the implementation of (so far as is relevant) the Defra Business Plan, most recently set out in May 2011, which lays down three Departmental priorities:

- Support and develop British farming and encourage sustainable food production;
- Help to enhance the environment and biodiversity to improve quality of life; and
- Support a strong and sustainable green economy, resilient to climate change.

4. POLICY FRAMEWORK

4.1 The overall policy and financial framework within which RPA operates is determined by the Secretary of State. Determination of policy, including negotiation positions on EU legislative matters, is led by Defra. Where decisions are required at a UK level, Defra will lead negotiations with the Devolved Administrations, but may delegate this task to RPA.

4.2 As part of the policy process RPA is responsible, amongst other things, for providing an impact assessment of the implementation of either new policy or changes made to existing policy. These assessments are considered by the relevant policy owners with issues being escalated through the Corporate Customer and, if necessary, Corporate Owner before policy decisions are taken by Ministers.

4.3 The Corporate Owner, Corporate Customer and the Chief Executive are responsible for co-ordinating and managing the policy and delivery interface.

5. GOVERNANCE FRAMEWORK

Key Roles

Secretary of State

5.1 The Secretary of State has overall responsibility for RPA and is accountable to Parliament for all matters concerning the Agency.

Minister of State

5.2 The Secretary of State has assigned ministerial responsibility and oversight for RPA to the Minister of State for Agriculture and Food (hereafter referred to as “the Minister”) as part of the Departmental Ministerial Portfolios.

5.3 The Minister will determine, in consultation with Defra, the policy framework within which RPA will operate and in doing so agree the high level objectives within which the Chief Executive and the Agency will operate.

5.4 The Minister shall, as appropriate, keep the Secretary of State aware of the key issues affecting the Agency.

5.5 The Minister shall also determine, in consultation with colleagues in the Devolved Administrations, and acting on advice from the Corporate Owner, the extent of any suspension of ‘normal’ services or temporary relief to required service levels during an emergency.

Permanent Secretary

5.6 The Permanent Secretary of Defra, as the Principal Accounting Officer (PAO), is the principal adviser to the Secretary of State on matters affecting Defra as a whole, including resource allocations across the Department, and is responsible for ensuring a high standard of financial management.

5.7 As PAO, the Permanent Secretary has designated the Chief Executive as RPA’s Accounting Officer (AO), and must be satisfied that RPA 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.

Corporate Owner

5.8 The Permanent Secretary has nominated the Chief Operating Officer as the Corporate Owner to act on their behalf on day-to-day issues and foster the close contact needed between Defra and RPA to ensure the effective running of RPA.

5.9 The Corporate Owner shall support the Minister in ensuring that the Oversight Board is diligent in discharging its role rigorously.

5.10 When the Minister is unable to chair the Oversight Board, the Corporate Owner may undertake that role and report outcomes directly to the Minister.

5.11 Key responsibilities include:

- A personal role in advising the Minister about the high-level business issues affecting RPA, both directly, as a member of the Defra Management Committee and as a member of the Oversight Board;
- Generating and maintaining close contact between Defra and RPA. The Corporate Owner shall also be the Chief Executive's line manager;
- Ensuring the adequacy of financial resources and investments in RPA;
- Recruitment, through open and fair competition and in accordance with the rules on public appointments, of the Agency Chief Executive whose appointment will be confirmed by the Defra Senior Appointments Board;
- Working with the Minister to ensure that decisions made at the Oversight Board are progressed as necessary through the normal Departmental channels; and
- Alongside the Oversight Board, the Corporate Owner holds RPA to account on the detail of its performance, risk reporting and corporate matters, and they may ask for the support of the Non Executive Directors in doing this.

Corporate Customer

5.12 The Permanent Secretary shall ensure that a Corporate Customer is appointed from within the Defra senior management team.

5.13 The role of the Corporate Customer is to be the high level interface with the Agency on all matters relating to the overall delivery and quality of services provided on behalf of Defra. They shall support the Minister and the Corporate Owner in ensuring that Defra's and other agencies requirements of the Agency are being met.

5.14 Key responsibilities include:

- Ensuring that the customer 'ask' (i.e. the individual and collective requirements set by Defra) is aligned to strategic direction set by the Minister;
- Facilitating discussions between RPA and the Defra network, as necessary, where prioritisation of activity is required;
- Lead on the development and maintenance of the policy framework within which RPA will operate, including policy negotiations with the EU and with Devolved Administrations as necessary; and
- Membership of the Agency Management Board.

Chief Executive

5.15 The role of the Chief Executive is to lead and manage the Agency, by setting the operational strategy and resources to deliver, within budget, the objectives set by the Minister, including in the strategic plan, and demonstrate achievement of the indicators set through the annual business plan.

5.16 The Chief Executive is accountable to the Minister for all aspects of the operation of RPA (business strategy, plans, indicators and performance, and also on major business proposals) within the policy framework set by the Minister.

5.17 The Chief Executive is appointed by the Permanent Secretary as the AO for RPA, and thus has personal responsibility and accountability to Defra and Parliament for the propriety and regularity of the public finances under their control, for keeping proper accounts, and for the proper, efficient and effective use of available resources. As AO, the Chief Executive may be required to appear before the Public Accounts Committee. The Chief Executive, in their role as AO, is able to seek 'Accounting Officer Direction' as required.

5.18 Within the limits of their assigned authority, the Chief Executive has the responsibility for making such changes to the organisation as they consider necessary to maintain and improve the operating efficiency and overall performance of RPA.

5.19 The Chief Executive is responsible for bringing to the Oversight Board's attention any matter that could give the Board, Minister or Defra cause for concern, including performance against agreed indicators, any proposed changes in strategy and new significant risks and issues.

Non Executive Directors

5.20 The role of the Non Executive Director (NED) is to provide independent advice, effective scrutiny and challenge on the various board and committees.

5.21 They assist the Minister, Corporate Owner and Chief Executive by offering expert advice on the development of RPA's strategy and by challenging organisational performance to ensure the approved strategic and business plans are being implemented effectively. They also have an important independent role in scrutinising the performance of management in meeting agreed objectives. They also provide assurance that financial information provided is accurate, that financial controls and systems of risk management are robust and defensible.

5.22 For the Oversight Board, the NEDs shall agree with the Minister their specific roles in order to support the Minister's role as the Chair of the Oversight Board. For the Agency Management Board and Agency Audit & Risk Committee, the NEDs shall agree roles with the Chief Executive. These roles will be confirmed in an appointment letter detailing remuneration and any other agreements.

RPA Oversight Board

5.23 The Oversight Board's purpose is to form part of the collective strategic and corporate leadership of RPA, bringing together Ministerial and Civil Service leaders with non executives from outside Government. Its remit is performance and delivery, including appropriate oversight.

5.24 The Oversight Board will be involved in and advise the Minister on all key decisions he is to make concerning the Agency, and papers seeking decisions from him will therefore normally be put to the Board for discussion. In particular, the Board will play a key role in scrutinising the Strategic and Annual Business plans, including performance indicators, before these are agreed by the Minister. For those issues which need to be made by Ministers collectively rather than by the Farming Minister alone, proposals will wherever possible be discussed in the Oversight Board, and the views of the Oversight Board will be reflected in the advice which goes forward to Ministers collectively as appropriate.

5.25 The Board will engage with stakeholders through openness and transparency, delivered through appropriate reporting within existing communication channels.

5.26 The Oversight Board is chaired by the Minister and additionally comprises senior Executives (from within Defra and RPA) and four NEDs. Two of the NEDs will be the respective Chairs of the Agency Management Board and the Audit & Risk Committee, as recommended by the 2013 RPA Review.

RPA Agency Management Board

5.27 The Agency Management Board brings together the Chief Executive, nominated RPA Executive Directors and NEDs. The Agency Management Board has responsibility for strategic oversight of the Agency's performance and advises and challenges the Chief Executive to that end, escalating issues to Defra and the Oversight Board as appropriate. It specifically approves the five year Strategic Plan and annual Business Plan for endorsement by the Oversight Board; provides leadership in the delivery of statutory, corporate and business responsibilities; ensures that risks are effectively identified and managed; encourages improvements in performance across the Agency; and ensures effective governance and control is in place for the Agency.

5.28 The Agency Management Board is chaired by a lead NED. The Chair works closely with the Chief Executive to ensure that the Agency Management Board works effectively in the support and challenge it provides to RPA's Executive Team. The Chair will also sit on the Oversight Board. The Corporate Customer is also a member of the Agency Management Board.

RPA Audit & Risk Committee

5.29 The Audit & Risk Committee of RPA will be formed by NEDs, some of whom also sit on the Agency Management Board. It is responsible for advising both the Agency Management Board and Chief Executive (as AO) on all matters relating to strategic processes for risk and control; the Governance Statement, accounting policies, accounts and the Annual Report, including process for review of the accounts prior to submission for audit and management's letter of representation to the external auditors; planned activity and results of both internal and external audits (including work conducted on behalf of the Certifying Body) and the quality of these services; adequacy of management response to issues identified by audit activity, including external audit's management letter; assurances relating to the corporate governance requirements for the organisation; insight relating to the management of EU Paying Agency obligations, including work done by the EU Court of Auditors and the insight received from third party delegated services; anti-fraud policies, whistle-blowing processes and arrangements for special investigations.

5.30 RPA's Finance, Assurance and Commercial Director and External Auditors have direct access to Audit & Risk Committee.

5.31 The Audit & Risk Committee is chaired by an appropriately qualified NED, who can also request additional capability if required. The Audit & Risk Committee Chair will also sit on the Oversight Board and will have unfettered access to the Defra Audit & Risk Committee Chair. The Committee is responsible for bringing to the Oversight Board's attention new significant risks and issues, not otherwise notified, that could cause the Board, Minister or Defra cause for concern.

RPA sponsorship in Defra

5.32 Within Defra, the Executive Agency team and the RPA Customer Policy team have the day-to-day lead in advising the Minister, Corporate Owner and Corporate Customer on their responsibilities in relation to RPA, as appropriate. This involves balancing a range of interests that the Department, and Government more broadly, has in the Agency. In discharging their role, the Executive Agency team and RPA Customer Policy team work closely with RPA's Executive Team, the Oversight Board, and other key stakeholders.

5.33 In addition, there are a multitude of individual Departmental contacts with counterparts in RPA, but the two teams act as the main Defra interface to the Agency on horizontal and strategic issues.

6. ARRANGEMENTS FOR RISK MANAGEMENT

6.1 The Chief Executive has a responsibility to develop a comprehensive risk management strategy for RPA. The strategy is to be made available to Defra. A regular review and challenge on key risks will be conducted by both the Oversight Board and the Agency Management Board. The RPA Audit & Risk Committee will regularly review top level risks and consider the effectiveness of risk management within the Agency.

7. RELATIONSHIPS WITH GOVERNMENT DEPARTMENTS AND OTHER EXTERNAL STAKEHOLDERS

Defra

7.1 RPA's relationship with Defra and its strategic direction is captured in a number of key documents including:

- This Framework Document;
- The Agency's strategic direction and objectives as detailed in its Strategic Plan; and
- The annual performance indicators as detailed in its annual Business Plan.

7.2 The Chief Executive will submit to the Oversight Board any proposition that involves a material change to previously agreed Strategic and Business plans. This includes changes to strategic investments in the organisation.

7.3 If RPA proposes any changes that will have a material negative impact on its relationship with any part of Defra, the Chief Executive must obtain the agreement of the Oversight Board before implementing them.

UK Co-ordinating Body

7.4 The Co-ordinating Body is independent of the UK Paying Agencies, its functions being executed jointly by the Ministers of the UK Competent Authority under SI 2001 No 3020. Its Management Board is made up from one representative for each of the Ministers on the Competent Authority and the Co-ordinating Body Director. The Board delegates to the Director the day-to-day discharge of the Co-ordinating Body's functions and oversees the way in which the functions are discharged. Chairmanship of the Management Board rotates between the Ministers' representatives on a 12 monthly basis.

7.5 Its mission is to work with the four UK Paying Agencies to ensure that they maintain their accreditation status and effectively administer the Common Agricultural Policy, thereby mitigating the risk of a financial correction (disallowance i.e. penalties applied for late payment or incorrect implementation of EU rules) being imposed on the UK.

7.6 RPA deals with the UK Co-ordinating Body directly in furtherance of that mission.

Rural Development Programme for England Delivery Bodies

7.7 The delivery bodies for the Rural Development Programme for England (RDPE) are Natural England, the Forestry Commission and Defra (RDPE Delivery Team), under delegated authority from RPA which is the Paying Agency for RDPE.

7.8 This role requires RPA to ensure a consistent control framework is implemented which ensures programme delivery continues to meet EU accreditation requirements and protects EU funds from disallowance. In addition, RPA provides a range of corporate support services essential to programme delivery, including registering customers on the Customer Register; registering land on the Rural Land Register; making payments and accounting for all expenditure; carrying out compliance monitoring inspections, and providing the audit function.

7.9 The delegation function is managed via a delegated authority agreement with each delivery body, with progress reviewed formally each quarter, which in turn reflects the continuous, ongoing monitoring work between each review meeting. In addition there is regular and sustained liaison and contact between RPA and delivery bodies at all working levels to ensure the programme is delivered successfully and in a compliant manner.

Devolved Administrations

7.10 The Scottish Executive, Welsh Government and the Northern Ireland Assembly are the accredited EU paying agencies under the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD) within the areas of their responsibility. However RPA manages UK-wide trader-based schemes, including export refunds and maintains livestock monitoring systems for Great Britain. RPA is the UK Funding Body for EAGF and EAFRD monies and is responsible for obtaining EU funding for this expenditure and reporting to the European Commission (via the UK Co-ordinating Body).

7.11 RPA will negotiate Service Level Agreements with the Devolved Administrations covering the areas for which RPA acts for the administrations. In the event of any conflict between the services that RPA provides to Defra and the services it provides to the Devolved Administration, RPA will seek to resolve such conflicts with the bodies concerned. If this is not possible, RPA will seek guidance from the Corporate Owner and Oversight Board.

7.12 For all schemes that RPA implements on behalf of the Devolved Administrations, the Chief Executive is answerable only in respect of those matters for which they are responsible under the appropriate Service Level Agreements.

7.13 RPA ensures that the views and concerns of the Devolved Administrations on the services that they provide on an EU, GB or UK basis are captured and acted on through management liaison and, for the British Cattle Movement Service, through the establishment of a Customer Board whose terms of reference set out the Board's role, membership and remit.

7.14 RPA currently manages the foreign exchange rate risk associated with the conversion of the euro-denominated claims for reimbursement into sterling for the UK. RPA utilises hedging contracts to address the exposure related to SPS and the Rural Development Programme. The Agency works closely with the Devolved Administrations to mitigate the risk and has agreed arrangements to share hedging costs. The Devolved Administrations are represented on the RPA and Defra Hedging Committee.

HM Treasury

7.15 RPA will comply with current HM Treasury guidance to Government Departments. Discussions with HM Treasury will involve, where necessary, both RPA Finance Teams and Defra Finance Teams.

European Commission

7.16 RPA will maintain its accreditation as a Paying Agency, through continued compliance with EU accreditation regulations and any directions provided by the

Competent Authority (on advice from the UK Co-ordinating Body) following reports from the Certifying Body.

7.17 Any queries to EU institutions relating to RPA's Paying Agency responsibilities should be routed through the UK Co-ordinating Body. However all EU policy negotiations remain a Defra lead, although RPA representatives may, with prior agreement, participate or lead on individual subjects or meetings.

7.18 RPA in conjunction with Defra and the UK Co-ordinating Body maintain relationships with the European Commission on EU Audit issues, including any disallowance proposals.

8. MACHINERY FOR ACCOUNTING, AUDIT, MONITORING AND REPORTING

Strategic and Business Plans

8.1 To an agreed timetable, RPA must produce a Strategic Plan for agreement with Defra and endorsement by the Oversight Board. The plan reflects RPA's duties and, within those duties, the priorities set from time to time by the Minister (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan demonstrates how RPA will contribute to the achievement of Defra's priorities and the wider Government agenda.

8.2 The Strategic Plan informs the annual Business Plan which RPA drafts for agreement with Defra and endorsement by the Oversight Board. The Business Plan includes key performance indicators and milestones for the year ahead and will be linked to budgeting information so that resources allocated to achieve specific outcomes/impacts and performance indicators can be readily identified by Defra. The Strategic and Business Plans are published by RPA on its website and made available to staff.

8.3 Between them the two plans should include:

- Objectives and associated key performance indicators for the forward years, and the strategy for achieving those objectives;
- Key financial and non-financial performance indicators;
- For Business Plans, a review of performance in the preceding financial year, together with comparable outturns for the previous year, and an estimate of performance in the current year;
- An assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast; and
- Other matters as agreed between Defra and RPA, for example as outlined in any Defra or wider Government guidance for such plans.

8.4 The Chief Executive will be responsible for the development and operation of accounting and management information systems that enable RPA management to review actual performance against the agreed key performance targets. These systems must be capable of producing information on the Agency's performance in the form and to the timescale reasonably required to meet the needs of the Minister.

Budgeting Procedures

8.5 Each year in light of decisions by Defra on the updated Business Plan, Defra will:

- Send to RPA to an agreed timetable a formal statement of the annual budgetary provision allocated by Defra in light of competing priorities across Defra and of any forecast income approved by Defra; and

- Arrange meetings with RPA as necessary to advise and discuss any budget pressures and opportunities, and any planned change in policies affecting RPA.

Any in-year changes should be discussed between RPA and Defra before formal notification.

8.6 The approved annual Business Plan takes account both of approved funding provision and any forecast receipts, and includes a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any Departmental funding and/or other income over the year. These elements form part of the approved Business Plan for the year in question.

Income and Expenditure

8.7 RPA will have its expenditure financed by Parliamentary Supply Vote as part of the Defra allocation. This exercise must take account of expected revenue, or revenue that could be generated, from payments made by customers for non-regulatory activities and by other exploitation of its assets, data and intellectual property.

8.8 RPA is consulted in principle on its annual allocation but is not involved directly in the Spending Review discussions with HM Treasury. Defra will take the advice of RPA in any Spending Review discussions with HM Treasury mainly or wholly concerning RPA. At the conclusion of the Spending Review, Defra will inform RPA of the allocations agreed during the Spending Review.

8.9 Defra will aim to agree, ahead of the year in question, a rolling budget, fixed for at least the first year and with indicative amounts for subsequent years, subject to the limitations of HM Treasury Spending Reviews.

Insurance

8.10 RPA insurance arrangements will be in accordance with the provision of Managing Public Money framework. All uninsured losses and third party claims against RPA and requiring settlement will be paid directly from additional resources and cash allocated to RPA by Defra. These allocations will be equal to the claims and losses to be settled where the total value of the claims exceeds £9,999 per claim or loss.

8.11 Arrangements for meeting other liabilities or the payment of other claims will be separately agreed with Defra.

Intellectual Property Rights (Excluding Crown Copyright)

8.12 RPA's intellectual property is vital to the delivery of its objectives. Intellectual Property Rights (IPR) generated in RPA as a result of work paid for by Defra remains vested in the Secretary of State and are administered in accordance with the IPR Concordat agreed between RPA and Defra. The IPR (except copyright) in all work done by RPA shall be held in the name of the Secretary of State under the administrative and

managerial control of RPA. RPA is to exploit its intellectual property, in line with Defra and Government policy for technology transfer, in order to generate value for money for the taxpayer subject to agreement by the Oversight Board.

Annual Report and Accounts

8.13 The Chief Executive will prepare, sign and submit to the Minister annually via the Oversight Board, an Annual Report and Accounts to be laid before Parliament before the start of the summer recess. Copies of the Annual Report will be placed in the House of Commons library and also the Scottish Parliament, Northern Ireland Assembly and the Welsh Government.

8.14 The Annual Accounts will be produced in accordance with an Accounts Direction issued by the Treasury under section 7 of the Government Resources and Accounts Act 2000 and Defra accounting policies.

8.15 The Annual Report will include a Governance Statement signed off by RPA's AO and a statement of performance against RPA's published Key Indicators.

8.16 RPA Annual Accounts will be subject to external audit and certification by the Comptroller and Auditor General. The Accounts will be laid before Parliament on a timetable agreed with Defra.

Internal Audit

8.17 RPA must establish and maintain arrangements for internal audit in accordance with [HM Treasury's Government Internal Audit Standards](#) (GIAS), and ensure that Defra is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with GIAS 5. Defra's internal audit service has a right of access to all documents prepared by the RPA internal auditor, including where the service is contracted out.

8.18 RPA must:

- Set up an audit committee in accordance with the Cabinet Office's Guidance on Code of Practice for Public Bodies and the Audit Committee Handbook;
- Forward the audit strategy, periodic audit plans and annual audit report, including RPA's Head of Internal Audit opinion on risk management, control and governance within agreed deadlines to Defra; and
- Keep records of, and prepare and forward to Defra an annual report on fraud and theft suffered by RPA and notify Defra of any unusual or major incidents as soon as possible.

8.19 The Chief Executive and the RPA Audit & Risk Committee are responsible for commissioning such internal audit services and studies as may be required to ensure proper and efficient management of RPA's affairs. The Chief Executive is required to

discharge his responsibilities as AO, in a manner that best demonstrates value-for-money and in accordance with the standards of the Government Internal Audit Manual.

External Audit

8.20 The European Commission and the European Court of Auditors undertake audits relating to conformity of the Paying Agency's transactions within EU rules. The Certifying Body undertake an annual financial clearance to assure that the accounts of the Paying Agency are true, complete and accurate and that the internal control procedures have operated satisfactorily. These audits may lead to disallowance being imposed on RPA. Currently, Defra makes provision in its accounts for such disallowance.

Right of Access

8.21 Defra has the right of access to all RPA records and personnel for any purpose including, for example, sponsorship audits and operational investigations.

Operational Risk Management

8.22 The RPA Audit & Risk Committee must ensure that the operational risks it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with HM Treasury guidance [The Orange Book: Management of Risk - Principles and Concepts](#).

8.23 RPA must adopt and implement policies and practices to safeguard itself against fraud and theft, in line with Chapter 4 and Annex 4.7 of HM Treasury's guide [Managing the Risk of Fraud: A Guide for Managers](#).

Managing Public Money and other Government-wide Corporate Guidance and Instructions

8.24 RPA must work with Defra in developing its financial control and reporting mechanisms in line with HM Treasury Clear Line of Sight Programme to reform government financial processes.

8.25 Unless agreed by Defra and, as necessary, HM Treasury, RPA must follow the principles, rules, guidance and advice in Managing Public Money, referring any difficulties or potential bids for exceptions to the Oversight Board in the first instance. A list of guidance and instructions with which RPA should comply is given at Annex A.

8.26 Once the budget has been approved by Defra, and subject to any restrictions imposed by statute, the Secretary of State's and/or the Minister's instructions and this document, RPA has authority to incur expenditure approved in the budget without further reference to the sponsor Departments, on the following conditions:

- RPA complies with the delegations set out in the Chief Executive's Accounting Officer Letter, which should be altered only with the prior agreement of Defra;
- RPA complies with Managing Public Money regarding novel, contentious or repercussive proposals;
- Inclusion of any planned and approved expenditure in the budget does not remove the need to seek formal approval from the Oversight Board in the first instance and then subsequently Defra where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed;
- RPA provides Defra with such information about its operations, performance individual projects or other expenditure as may be reasonably required; and
- RPA provides Defra with such information to support consolidated Resource Accounts requirements where it falls within the Departmental Accounting Boundary.

Accounting Officer Responsibilities

8.27 The Permanent Secretary as the principal adviser to the Secretary of State on matters affecting Defra as a whole, including expenditure allocation and finance and is responsible for ensuring a high standard of financial management.

8.28 The Chief Executive, as AO, is responsible for assuring the PAO that RPA has adequate financial systems and procedures in place to promote the efficient and economical conduct of its business and to safeguard financial propriety and regularity. The PAO designates the Chief Executive as the Agency AO by letter. The Chief Executive is bound by the provisions of his formal letter of appointment. The Chief Executive cannot sub-delegate the AO responsibilities.

Defra Finance Director and RPA's Finance Assurance & Commercial Director

8.29 Defra's Finance Director and RPA's Finance Assurance & Commercial Director work closely on finance matters. Both are members of the RPA Oversight Board, and work to support the relationship between the PAO and the Agency AO.

9. PUBLIC COMMENTS AND COMPLAINTS

Freedom of Information

9.1 RPA is subject to the Freedom of Information Act and the Environmental Information Regulations which ensure that the public can, on request, be given access to information, in accordance with its statutory obligations. It manages official records in accordance with the Public Records Act and undertakes to comply fully with the provisions of the Re-use of Public Sector Information Regulations regarding licensing documents for re-use on application under non-exclusive agreements. The Chief Executive is also subject to the jurisdiction of the Information Commissioner in relation to Freedom of Information obligations.

Data Handling and Security

9.2 RPA is responsible for ensuring that any sensitive personal information held is protected under the Data Protection Act from inappropriate disclosure and will only share data in accordance with the Public Service Guarantee on Data Handling. Defra's Information Risk Policy details the top-level framework for managing information risk and appropriate procedures are adopted to comply with the framework.

9.3 In addition, RPA manages appropriately Protected Personal Data (any material that links an identifiable individual with information whose release would put them at significant risk of harm or distress) which also covers any source of information relating to 1,000 or more individuals that is not in the public domain, even if the information about an individual is not considered likely to cause harm or distress.

Customer Satisfaction

9.4 RPA shares the Defra commitment to customer-focused delivery. As a component of its overall performance RPA will maintain mechanisms for measuring customer satisfaction with both stakeholders, including Defra, and its end customers.

Public Comments and Complaints

9.5 RPA handles comments, suggestions and complaints in accordance with a clear procedure publicly accessible in the RPA Customer Charter. If the person requesting information under Freedom of Information Act and Environmental Information Regulations is not content with the reply then the applicant should contact the [Information Commissioner's Office](#).

Independent Agricultural Appeals Panel

9.6 The Independent Agricultural Appeal Panels advise the Minister on appeals from farmers and traders against decisions made by RPA in administering the various schemes that it operates. Further details of the appeal process can be found on RPA's website.

Parliament

9.7 The Minister will normally deal personally with enquiries from Members of Parliament; Members of the European Parliament; Members of the Welsh Government; Members of the Scottish Parliament; and Members of the Northern Ireland Assembly who specifically seek a Ministerial response. MPs and MEPs are, however, encouraged to communicate directly with the Chief Executive on day-to-day operational matters, keeping the Minister of State informed as appropriate. The Minister may invite the Chief Executive to respond directly to enquiries raised.

9.8 As the AO, the Chief Executive may be required to appear before the Public Accounts Committee (PAC) should Defra's Permanent Secretary (as PAO) deem it necessary.

9.9 At Select Committee hearings, the Minister will normally ask the Permanent Secretary, Corporate Owner and/or the Chief Executive to represent or accompany them if the Committee is concerned with the day-to-day operations of the Agency. The Chief Executive will also be responsible for implementing the recommendations of the PAC or other Parliamentary Select Committees, if they are accepted by the Government.

9.10 In relation to both PAC and Select Committee hearings it is recognised that Parliament can and may directly ask any individual to attend.

Parliamentary Commissioner for Administration

9.11 Members of Parliament also have the right to refer complaints from the public to the Parliamentary Commissioner of Administration ("the Ombudsman") where an individual claims to have suffered injustice through maladministration. RPA is subject to the jurisdiction of the Ombudsman. The Chief Executive is responsible for ensuring that RPA follows the Ombudsman's principles of good administration and responding to letters from the Ombudsmen on any matter concerning the operation of RPA as well as advising the Permanent Secretary on any such letters sent to Defra.

Media

9.12 The Chief Executive may deal directly with the media on the Agency's activities subject to any arrangements agreed with RPA's customers in relation to particular work. The Agency will refer enquiries about policy issues to the appropriate part of Defra. Where Ministers are involved, the Chief Executive will agree the approach to media work with Defra Communications Directorate.

10. RECRUITMENT, PAY AND PERSONNEL MANAGEMENT

Chief Executive Responsibilities towards RPA People

10.1 Within the arrangements approved by the Secretary of State, the Chief Executive has responsibility for the recruitment, retention, reward, performance management and motivation of RPA people. The Agency Management Board's responsibilities towards its people are to ensure that:

- The rules for recruitment and management of people create an inclusive culture in which diversity is fully valued and that appointment and advancement is based on merit: there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
- The level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness;
- The performance of its people at all levels is satisfactorily appraised and RPA performance measurement systems are reviewed as appropriate and suitably impact assessed to ensure consistency and fairness;
- Its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve RPA objectives;
- Proper consultation with employees or their representatives takes place on key issues affecting them;
- Adequate grievance and disciplinary procedures are in place;
- Whistle-blowing procedures consistent with the Public Interest Disclosure Act 1998 are in place; and
- A code of conduct is in place.

Complementing, Recruiting and Promotion

10.2 The Chief Executive is responsible for establishing and regularly reviewing the management structure of RPA. The Chief Executive has the freedom to create and re-grade posts and to make appointments to posts (including recruitment, substantive or personal promotions) up to and including Grade 6. Where the posts are within the Senior Civil Service, the Chief Executive will consult with the Permanent Secretary and Defra Human Resources.

10.3 Appointments to posts in the Senior Civil Service, as well as transfers to and from such posts in RPA, will be made through the operation of and in accordance with the procedures of the Senior Appointments Board of Defra, which will observe the requirements and processes imposed by the Civil Service Commissioners.

10.4 RPA people will remain eligible for promotion/selection boards within Defra and all posts in RPA are open to appointment from these boards. The Chief Executive will ensure that RPA has equitable, objective and fair arrangements for the selection and promotion.

The procedures and arrangements must take account of and facilitate the interchange of staff between RPA and Defra.

10.5 RPA will support Defra in facilitating opportunities for redeployment for those who are designated as surplus and on the Priority Movers List/Redeployment Register. Vacancies will be notified to Defra's Shared Services Directorate for circulation to such employees who will be able to apply in accordance with Defra's Redeployment Policy and will be given preference on a level transfer basis.

10.6 The RPA should have regard to Chapter 5 of the Cabinet Office publication [Public Bodies: A Guide for Departments](#) that provides guidance on staff issues in public bodies.

10.7 The RPA will comply with all employment legislation including the EU Directive on contract workers, the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations.

Consultation Between the Department and Agency

10.8 There will be full and timely consultation between the Agency and the Department on all HR matters of mutual interest. Where appropriate, the Agency will participate in and contribute to Departmental activities on developments in HR.

Civil Service Code

10.9 All RPA people operate within the guidelines of the Civil Service code. This includes, for example, a responsibility to uphold the administration of justice. They would, therefore, disclose any unlawful activity discovered through the course of the Agency's work, they would take account of the public interest in making decisions, and would cooperate with relevant authorities during any subsequent investigation or legal proceedings.

10.10 On 11th November 2010, the Civil Service provisions of the Constitutional Reform and Governance Act 2010 came into force. The legislation places the Civil Service values on a statutory footing. The Civil Service Code sets out the core Civil Service values and the standards of behaviour expected of all civil servants in upholding these values:

- Integrity – putting the obligations of public service above personal interests;
- Honesty – being truthful and open;
- Objectivity – basing advice and decisions on rigorous analysis of the evidence; and
- Impartiality – acting solely according to the merits of the case and serving governments of different political parties equally well

Equal Opportunities and Valuing Diversity

10.11 The Chief Executive will ensure that RPA develops a programme of action on equal opportunities and valuing diversity which is consistent with central guidance and Defra's own programme of action.

Personnel Records

10.12 The Chief Executive is responsible for maintaining accurate personnel records, including a staff database, for RPA people within his or her delegated authority and will make available to Defra (and Shared Services Directorate) such information as it reasonably requires.

Health and Safety

10.13 The Chief Executive is accountable for all matters of health and safety associated with RPA's business activities and will ensure that resources, organisation design, and arrangements are adequate for delivering effective performance. This includes ensuring that RPA's health and safety policy takes account of the principles specified in Defra's equivalent document.

10.14 The Chief Executive will ensure that appropriate procedures are in place to ensure that RPA remains a healthy, secure and safe working environment. These procedures are to be enshrined in systems that are made available to all people and other interested parties. That they are fully utilised in the planning and conduct of activities, and are routinely audited.

10.15 Regular risk assessment of all RPA's activities (and those of any companies set up and owned by RPA, including any associated Joint Ventures and partnerships) will take place to ensure continued improvement in all areas of workplace safety.

People Relations

10.16 The Chief Executive is responsible for maintaining good people relations within RPA. In ensuring this responsibility they will set up suitable arrangements in consultation with employee representatives.

10.17 The Chief Executive will co-operate with management in Defra and may participate in Departmental consultations with representatives of the staff on matters of mutual interest.

Trade Unions

10.18 The Chief Executive is to ensure that people are consulted about proposed changes to conditions of service. The joint RPA/Trade Unions Forum will be the main channel for consultation on matters of concern between management and the recognised Trade Unions. RPA will recognise the negotiating rights of the recognised Trade Unions

and will negotiate with them on matters related to pay and conditions of service. RPA will engage openly and constructively with the recognised Trades Unions in discussing proposals for change affecting RPA people.

Non Executive Director Appointments

10.19 RPA will lead on the recruitment process of the NEDs for the Agency Management Board and Audit & Risk Committee, although Defra, through the Corporate Owner or Corporate Customer, will be involved in the selection of the NED Chair of the RPA Agency Management Board and NED Chair of the RPA Audit & Risk Committee. Defra will lead on the recruitment process for the Oversight Board.

Security

10.20 The Chief Executive is responsible to the Secretary of State for meeting the security requirements specified by Defra's Security Officer. RPA will be subject to periodic security audit and report by Defra.

10.21 The Agency Management Board is responsible for drawing the Oversight Board's attention to any key events or incidents, changes in policies and procedures and lessons learnt which they feel would be appropriate.

11. ARRANGEMENTS FOR CHANGING THE FRAMEWORK DOCUMENT

11.1 The Framework Document and its operation will be reviewed by Defra, in consultation with RPA, at intervals of not more than three years. The review should include an assessment of RPA's track record in achieving its objectives. Proposals for further freedoms will be considered in the light of evolving policy and operational factors and the track record of RPA itself. The guiding principle will be that the extent of flexibility and freedom given to RPA should reflect the effectiveness of its delivery, the level of risk, its overall capability, the quality of its internal controls and its operational needs.

11.2 Defra or RPA may propose changes to this Framework Document at any time. Changes will need to be approved by the Oversight Board.

11.3 Defra will be responsible for consulting all those concerned with proposals for amendments, including the Cabinet Office and HM Treasury.

11.4 The Framework Document will be published on RPA's website and may be obtained in printed form from The Chief Executive's Office, Reading HQ, Northgate House, Valpy Street, Reading, RG1 1AR.



The Rt. Hon Jim Paice MP
Minister of State for Agriculture and Food
26 April 2012



Mark Grimshaw
Chief Executive, RPA
26 April 2012

ANNEX A – COMPLIANCE GUIDANCE

RPA complies with the following general guidance documents and instructions:

- This Framework Document;
- Appropriate adaptations of sections of [Corporate Governance in Central Government Departments: Code of Good Practice 2011](#), HM Treasury, July 2011;
- [Managing Public Money](#), HM Treasury, October 2007 including [Chapter 6: Fees, Charges and Levies](#) and [Annex 5.7: Banking](#);
- [Government Internal Audit Standards](#), HM Treasury, February 2011;
- [The Orange Book: Management of Risk - Principles and Concepts](#), HM Treasury, October 2004;
- [Managing the Risk of Fraud, A Guide for Managers: Assurance, Control and Risk](#), HM Treasury, May 2003;
- [Government Financial Reporting Manual](#), HM Treasury, January 2012;
- Relevant '[Dear Accounting Officer](#)' letters, HM Treasury;
- [Regularity, Propriety and Value for Money](#), HM Treasury, November 2004;
- [Principles of Good Administration](#), Parliamentary & Health Service Ombudsman, February 2009;
- Consolidation Officer Memorandum, and relevant 'Dear Consolidation Officer' letters;
- Relevant [Freedom of Information guidance](#), Information Commissioner's Office;
- **Public Bodies: A Guide for Departments**, Cabinet Office, June 2006 – Chapter 5: Public Body Staff, [Annex A: Model Code for Staff of Executive NDPBs](#)
- Other relevant guidance and instructions issued by HM Treasury in respect of Whole of Government Accounts;
- Other relevant instructions and guidance issued by the central Departments;
- Specific instructions and guidance issued by Defra; and
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to the RPA.

The above links were correct as at April 2012.