

NFU criticises RPA payments 'fiasco'

National Farmers' Union (NFU) President Meurig Raymond has described the performance of the Rural Payments Agency (RPA) in delivering the 2015 Basic Payments Scheme (BPS) as a "fiasco". In a speech at the NFU Conference 2016, he insisted that the claims process in 2016 had to work much better, complaining that *"Defra and the RPA have consistently refused to listen to our pleas for part payments, leaving many without any clue as to when they would receive their payment. You can't run a business like that."*

Despite an RPA promise that the vast majority of claims would be paid by the end of January, almost 19% of farmers were still awaiting payment in the second half of February 2016.

Environment Secretary Elizabeth Truss responded to criticisms of this delay by making a new promise that almost all payments would be made by the end of March. She warned that *"a few thousand of the more complex cases would take slightly longer"* but refused to give a more detailed figure.

This failure to set out a clear timetable comes in spite of NFU Vice President Guy Smith's expression of disappointment with the RPA's poor communication during the payments crisis. *"Vague promises generate damaging uncertainty,"* he claimed. *"Farmers must know specifically when they are going to be paid so they know whether to call the bank manager or further extend bridging loans. I can't believe that farmers are still in the dark on this."*

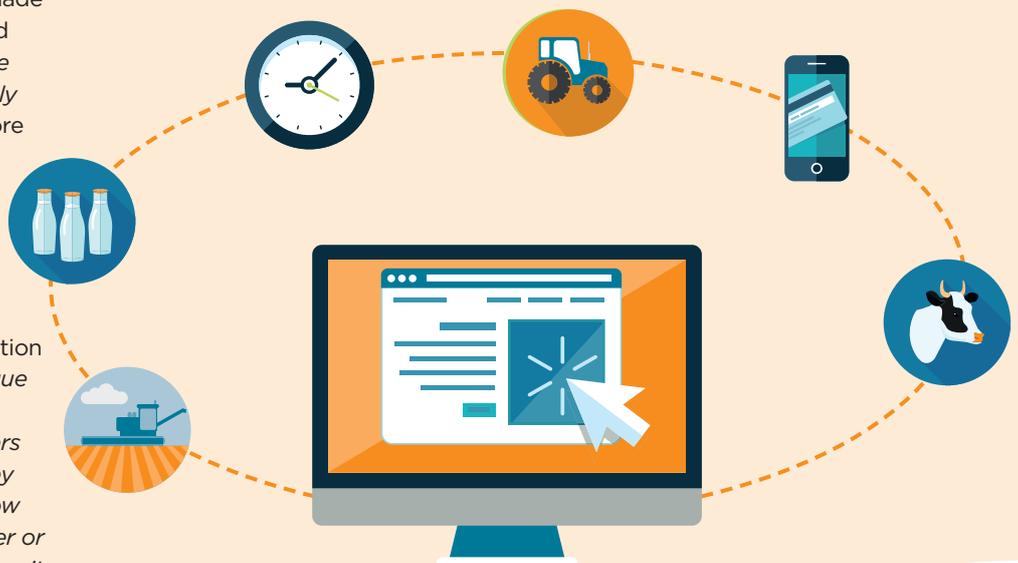
In a House of Commons debate on 28 January, MPs criticised the RPA and demanded assurances about the new round of the BPS beginning in 2016. Shadow Farming Minister Nick Smith described the RPA's digital service as *"a failed system that has cost the taxpayer millions, threatened us with hundreds of millions in penalty payments for years to come, and put the livelihoods of many hard-working families at risk."*

A parliamentary report, published in March by the Public Accounts Committee, blamed the payment delays on a 'childish turf war' between Defra, the RPA and the Government Digital Service. Meg Hillier MP, Chair of the Committee, said that the introduction of a digital payments system had been used by the Government Digital Service as a testing ground and a cost-reduction exercise instead of being focused on farmers' needs.

The Committee's report also claims that the digital service is inappropriate for farmers, whose digital literacy is often lower than in the general population and who are often disadvantaged by poor broadband speeds in rural areas.

In a separate development, the RPA has announced that applicants for BPS in 2016 in England will be able to start their online claims from the first week of March and the application deadline will be 16 May. Ms Truss assured the 1,400 delegates at the NFU Conference that, because so much data had already been entered into the system in 2015, the 2016 application round would be *"much simpler, particularly for people who do not need to make any changes."*

For more information, go to:
<http://bit.ly/1XV67Ct>
<http://bit.ly/1OHVGeG>
<http://bit.ly/1R5TBKS>



significant fall in farm incomes predicted for 2015/16

The latest Defra Farm Business Income forecast for England has revealed that a second year of significant falls in farm incomes is likely in 2015/16. Average business income is expected to have fallen for cereal, general cropping, dairy and specialist pig farms. Dairy farms and pig farms are expected to see the largest falls, losing almost half of their income. For pig farms the fall is the largest year on year income reduction on record, and their forecasted income is the lowest since 2007/8.

The poor figures are largely the result of a long period of low commodity prices, according to the

National Farmers' Union (NFU).

The only sectors to show an expected rise in income are poultry farms and grazing livestock farms. But commodity prices remain low in these sectors too, and the significant rise for less-favoured area livestock farms is largely the result of increased Basic Payment Scheme (BPS) pay outs for moorland and severely disadvantaged area land.

Commenting on the forecast, NFU President Meurig Raymond called for better management of risk and volatility. "There is no quick fix but we all have responsibility towards

achieving a better functioning supply chain," he said. "The solutions are out there - for example forward contracts, formula pricing, supply chain integration - but these currently characterise a disappointingly small proportion of the food supply chain."

The forecast covers the year from March 2015 to February 2016. It includes the 2015 harvest and the 2015 rate for the Basic Payment Scheme.

For more information, go to: <http://bit.ly/1RzU1fu> and: <http://bit.ly/1Lq9Wh3>

improvements made to unpopular Countryside Stewardship Scheme

Natural England has responded to criticism of the Countryside Stewardship Scheme (CSS) by announcing changes including a longer application period, clearer and earlier guidance, an online tool to help farmers assess how best to make use of the scheme and new hedgerow and boundary grants.

The CSS has attracted fierce criticism from both farmers and the National Farmers' Union (NFU), which called it an "unmitigated disaster". Problems have included the timing and administration of the application process, excessive record-keeping requirements, a lack of relevant options for grassland farmers and the scheme's overwhelming complexity.

As a result of these issues, many farmers have chosen not to participate. There were just 2,334 CSS mid-tier applications in 2015, contrasting with a Defra and Natural England target of 6,000.

Defending the CSS, Defra Deputy Director Mike Rowe has claimed

that it was broadly fit for purpose and that its unpopularity resulted partly from the fact that it had to meet the demands imposed by its EU regulatory framework. He has also explained that because it is more targeted on agreements that deliver maximum environmental benefit it was always going to attract fewer farmers than the Environmental Stewardship scheme. But he also admitted that Defra's implementation of the CSS had sometimes been "downright poor".

Improvements to the scheme have been made following a period of consultation between farmers' representatives and Defra and

Natural England. New CSS guidance will be shorter than its much criticised current guidance document, which runs to 800 pages. An 'online options tool' will enable farmers to look at what options score most highly on their land to help prepare their application.

The application window will be brought forward to March, to avoid clashing with the harvest. New hedgerow and boundaries grants will close a hole in the CSS scheme, which until now has lacked the field boundary options that were important components of Environmental Stewardship agreements. <http://bit.ly/1VMSuUv>



in brief...

Rural Planning Review – call for evidence

Rural business proprietors and house builders are being asked to submit evidence to a Rural Planning Review that is being undertaken by the Department for Communities and Local Government (DCLG) and Defra. It will pay particular attention to the rules for converting agricultural buildings to residential use, following the changes implemented in 2014, which have seen more than 2,000 agricultural buildings converted into homes. Anyone with experience of, or an interest in, planning in rural areas can respond online to a range of questions designed to assess the impact of the planning process on the rural economy. <http://bit.ly/1pkGLSI>

NFU asks MPs for help with implementing the National Living Wage

The introduction of the National Living Wage will increase the cost of seasonal wages for horticultural workers by 35% from 2016 until 2021, the National Farmers Union (NFU) has told MPs. At an NFU organised meeting of MPs from all parties, growers explained the effect that the NLW will have on their business and the NFU asked for measures to mitigate its impact. The NFU also asked the Government to slow down the rate at which the NLW will be increased. The current target for the NLW to reach 60% of median earnings by 2020 should be delayed until the next parliament, they urged. Other key NFU demands include an exemption from pensions auto-enrolment requirements for seasonal workers, an increased accommodation offset to apply to the NLW, and increased investment in research and mechanisation to reduce labour costs. <http://bit.ly/1XV6s85>

Proposed overhaul of CAP penalties

A proposed new penalty system for farmers who submit inaccurate applications for payments under the Common Agricultural Policy (CAP) will end a “climate of fear”, according to EU Agriculture and Rural Development Commissioner Phil Hogan. The proposals include preliminary checks of CAP applications to allow farmers to make corrections without penalties up to 30 days after the final submission date and first offenders would benefit from a “yellow card” system for minor over-declarations, which would cut their penalty in half. If the proposals are approved by the European Parliament they are likely to come into force during 2016. <http://bit.ly/1WS7nF6>

Grant application deadline approaches for farmers affected by Storm Desmond

Farmers in Cumbria, Lancashire and Northumberland who wish to apply for grants of up to £20,000 to repair damage caused by Storm Desmond in December 2015 must submit documentation to the Farming Recovery Fund by 18 March 2016.

The grants cover restoration of grassland, arable land and horticultural land, rebuilding flood channels, repairing tracks, fencing, gates and water troughs, and uninsurable damage to farming machinery and buildings. Applicants need to supply maps and photographs identifying the flooded area and the damage caused, as well as insurance details and, where possible, quotes for the repairs to be carried out. <http://bit.ly/1WS7q3X>

Applying for funding for approved Farming Connect training courses

The second of three funding application windows opens on April 1 2016 for Welsh farmers and foresters who want to attend training courses provided by the new Farming Connect programme. Farming Connect provides up to 80% funding for short accredited courses in a wide variety of skills. These include business topics, such as staff management and marketing, as well as technical topics ranging from the management of flies on livestock to compliance with health and safety regulations. Applications for the funding can only be made online. After the second applications window closes on April 29, no applications can be made until the third and final Year 1 window opens on June 1 2016. <http://bit.ly/1Lq9NtW>

Defra promises increased investment in disease control

A reshaped Defra will invest 12% more capital during the current parliament to improve its response to animal and plant disease outbreaks, according to Environment Secretary Elizabeth Truss. Decentralising proposals include allowing farmers to maintain their own ditches without seeking permission and giving more powers to internal drainage boards to maintain their local watercourses. Integration at Defra will be achieved by operating a single back office shared by the Environment Agency, the Animal and Plant Health Agency, the Rural Payments Agency and Natural England. <http://bit.ly/1pkGzDd>



new register brings more biomass fuels into Renewable Heat Incentive projects

"Non woody" biomass fuels can now be used in Renewable Heat Incentive (RHI) accredited projects, due to a new industry reporting scheme called the Sustainable Fuel Register.

The new register is jointly run by Crops for Energy and Farm Energy Centre. Financed by user subscriptions, it is the first industry-led, self-sustaining approved supplier list.

Jonathan Scurlock, of the National Farmers' Union (NFU), welcomed the Sustainable Fuel Register, saying *"The NFU believes firmly that all solid biomass fuels, whether from woodland or agricultural land, should be treated on a level playing field in order to maximise the opportunities for British farmers and landowners."*

Previously, users of non woody fuels such as miscanthus grass, straw, grass, bracken and food wastes were at a disadvantage because compliance with RHI could not be demonstrated without time-consuming self-reporting. Such fuels were therefore likely to be exported at a low price or thrown away.

The new register should put them on the same footing as users of wood fuels, who already benefit



from the straightforward means of compliance provided by the Biomass Suppliers List.

A spokesperson for the Department of Energy & Climate Change said *"The Sustainable Fuel Register will minimise the administrative burden on both RHI participants and fuel suppliers. This industry-led approach demonstrates the maturing market for biomass fuel and will play an important role in ensuring the continuing success of the RHI scheme."*

For more information, go to: <http://bit.ly/24wQGfC>

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private Storage Aid scheme for dairy products is extended

The Private 'Storage Aid' scheme for butter and skimmed-milk powder has been extended until 30 September 2016, following a unanimous vote by EU member states in favour of Commissioner for Agriculture Phil Hogan's extension proposal.

The scheme, which is administered in the UK by the Rural Payments Agency, was established in 2014 to help EU dairy farmers who were suffering from a slump in demand resulting from the Russian imports ban. It had been scheduled to end in February 2016. Under the scheme, the European Commission helps producers with the cost of putting products into storage, keeping them off the

market until prices recover. The producer retains ownership of the stored product.

Speaking at a European Parliament milk sector event, Hogan promised that *"the Commission will take all necessary steps to safeguard the livelihoods of our dairy farmers, and, indeed, the sustainability of our agri-food sector as a whole."*

During 2015, more than 50,000 tonnes of skimmed milk powder and 141,000 tonnes of butter were put into the scheme.

For more information, go to: <http://bit.ly/21DsZZe>