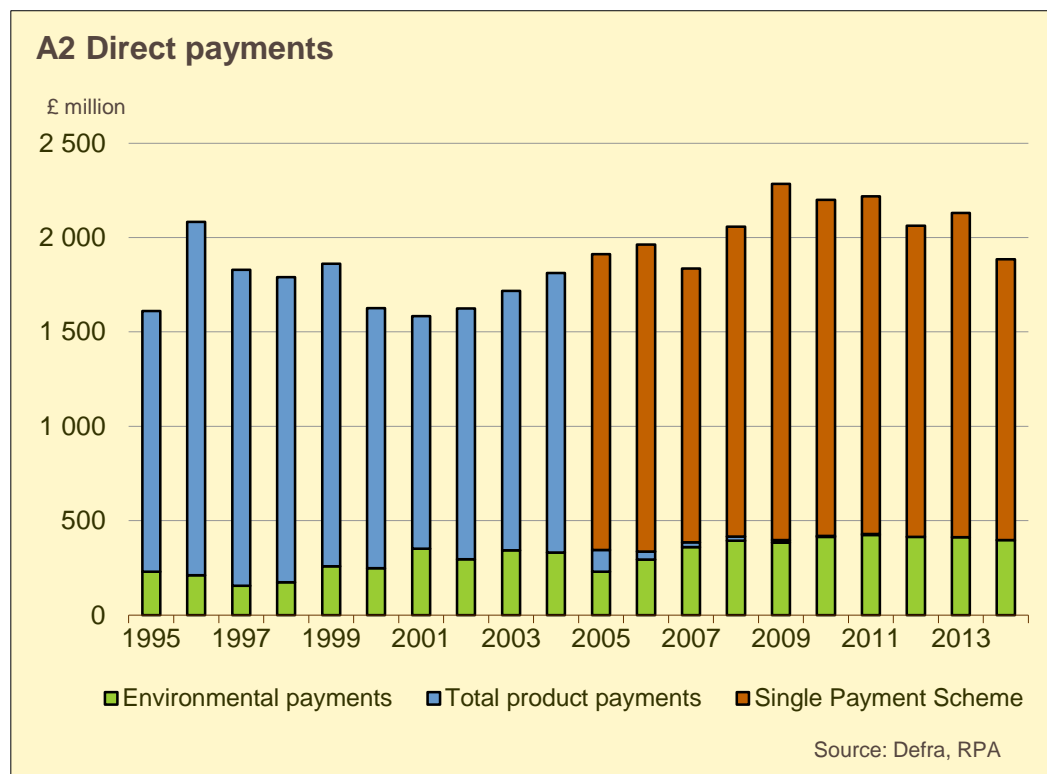


Observatory monitoring framework – indicator data sheet

Mechanism

Indicator A2: Direct payments made to farmers

This indicator shows direct payments made to farmers in England since 1995.



In 2014:

- Total value of direct payments to farmers was £1,885 million.

Between 2013 and 2014:

- total value of direct payments decreased by 12% largely due to a 13% decrease in the Single Payment Scheme (SPS) as a result of a reduction to the EU budget. This was partially offset by the applied Financial Discipline (see fact sheet for details);
- Environmental payments decreased by 4%.

Between 1995 and 2012:

- The introduction of the compensation payments for BSE in 1996 such as the Over Thirty Month Scheme (OTMS) led to an increase in livestock payments. The OTMS closed in January 2006.
- The decline between 1997 and 2001 was mainly due to the €:£ exchange rate.
- The increase in environmental payments between 2000 and 2001 reflects the change from hill sheep and hill cattle allowances (which were headage based livestock payments included within product subsidies) to the Hill Farm Allowance (area payments).
- The Single Payment Scheme (SPS) was introduced on 1 January 2005, replacing eleven direct

payments previously linked to production. Product payments from 2005 include the Over Thirty Month Scheme (OTMS), Older Cattle Disposal Scheme, Protein Crop Premium and Energy Crops Aid.

- In 2007, exceptional payments to hill farmers due to Foot and Mouth Disease (FMD) were included within environmental payments.
- Compulsory set-aside was abolished in 2008 and an industry led voluntary Campaign for the Farmed Environment was introduced with the aim of capturing the environmental benefits of set-aside.
- In July 2010, the Hill Farm Allowance was superseded by a new strand of Environmental Stewardship, the Uplands ELS, which is open to all farmers with land in the Severely Disadvantaged Areas of England.
- From 2012, protein premium and area aid for nuts are no longer claimed separately.

This indicator was updated in June 2015. The next update will be June 2016.

Further information and contact

Background information can be found in the accompanying fact sheet.

For queries or information on this indicator contact Defra's Observatory team on +44 (0) 1904 455058 or email observatory@defra.qsi.gov.uk

Observatory monitoring framework – indicator fact sheet

Mechanism

Indicator A2: Direct payments made to farmers

<i>Indicator</i>	Direct payments made to farmers
<i>Data</i>	Single Payment Scheme (SPS), crops, livestock and environmental direct payments
<i>Geographic coverage</i>	England
<i>Years</i>	1995 – 2014
<i>Source</i>	1995-2001: Defra, Regional Accounts for England 2002 onwards: the Rural Payments Agency (RPA) and Natural England.
<i>Origin of data</i>	Scheme administrative data
<i>Updates</i>	This indicator will be updated annually. The next update will be June 2016.
<i>Background</i>	<p>This indicator shows direct payments made to farmers for specific crops and livestock under the Common Agricultural Policy (CAP).</p> <p><u>SPS Payments</u></p> <p>The Single Payment Scheme (SPS) was introduced on 1 January 2005 as a result of the 2003 CAP reforms. It replaced eleven direct payments which were linked to agricultural production. In England the SPS was implemented through a hybrid scheme moving from historic to flat (or area) rate payment by 2012.</p> <p><u>Product Payments</u></p> <p>Total product payments data includes direct payments for crops and livestock.</p> <p>The Arable Area Payment Scheme (AAPS) offered area based payments on eligible land to growers of cereals, linseed, oilseeds, peas for harvesting dry, field beans, flax and hemp.</p> <p>Livestock payments included payments for: beef special premium; suckler cow premium; slaughter premium; sheep premium; extensification schemes; cattle and sheep hill compensatory allowance (up to 2000) and the schemes introduced for BSE - calf processing aid (1996 – 1999) and Over Thirty Month Scheme (1996-2005).</p> <p>From 2005 onwards payments within this heading included the Over Thirty Month Scheme (OTMS), Older Cattle Disposal Scheme (OCDS), protein crop premium for peas and beans not intended for human consumption and sweet lupins, area aid for nuts and aid for energy crops (closed to new contracts after 2009). The OCDS replaced the OTMS on 23 January 2006 and ended on 31 December 2008.</p> <p>From 2012, Protein Crop Premium and Area Payment for Nuts schemes are no longer separate schemes, as they have been decoupled from production and are now claimed under SPS.</p> <p><u>Environmental Payments</u></p> <p>Environmental payments include older agri-environment schemes, Countryside Stewardship and Environmentally Sensitive Areas, set-aside payments made under the Arable Area Payment Scheme (AAPS), Hill Farm Allowance from 2001) and latterly</p>

Environmental Stewardship.

Both CS and the ESA schemes closed to new entrants in 2004. Existing agreements all expired by the end of 2014.

In October 2007 Defra announced special aid of £12.5m for farmers in England affected by Foot and Mouth Disease (FMD). Of this £8.5m was in the form of a one off payments for hill farmers who were affected by movement restrictions applied in autumn 2007. These exceptional payments are included within 2007 environmental payments.

Statistical & methodological information

SPS, AAPS and livestock scheme data are provided by the Rural Payments Agency (RPA) and agri-environment scheme data from Natural England for the Aggregate Agricultural Accounts.

In 2012, revisions to SPS figures between 2005 and 2011 were made by the RPA.

By 2012 the SPS was wholly area-based with no historic payment elements.

The direct payments for products are net of levies (e.g. Milk Supplementary levy).

For the first time in 2013, the European Commission decided that deductions needed to be made to farmers' payments for Financial Discipline (at a rate of 2.45%; the first 2000 Euro is exempt). Financial Discipline is a way of reducing direct payments, including SPS, in EU Member States to ensure spending does not exceed the European Commission budget.

Further information

Further information on direct payments can be found in chapter 10 of Agriculture in the UK: <https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs/series/agriculture-in-the-united-kingdom>

Information on Environmental Stewardship can be found at: <http://www.naturalengland.org.uk/ourwork/farming/funding/es/default.aspx>

Information on RPA Schemes can be found at: <http://rpa.defra.gov.uk/rpa/index.nsf/home>