Correspondence from NFUS

Basic Payment Timetable

I write to follow up my correspondence of 13 October 2015, to provide an update on the Scottish Government’s delivery of the CAP Basic Payment Scheme (BPS) and the impact this is having on Scotland’s rural economy.

In his correspondence of 17 November 2015 to the Committee, the Cabinet Secretary for Rural Affairs and Environment stated:

“The first instalment will be worth a minimum of 70 per cent of the total value of Basic Payment Scheme, Greening and Young Farmer payments. The first payments, to about a quarter of claimants, should start to arrive in bank accounts by the end of the year.

“The majority of farmers should receive their initial payment by the end of January, with virtually all first instalments expected to be paid by the end of March. The balance of payments is due to be settled in April.”

The Scottish Government confirmed at the start of 2016 that payments were issued to some 3,500 businesses (out of about 17,500 BPS claimants) on 31 December. Our calculations suggest this equates to 20 per cent of claimants – falling far short of the Scottish Government’s promise of 25 per cent receiving payment by the end of 2015.

With a further payment run to some 1,000 businesses announced last week, that still only takes the per cent of businesses that have received anything to just over 25 per cent. Clearly there is still a significant majority of claimants who are still completely in the dark as to when they will receive payment. This situation leaves NFU Scotland and many others in serious doubt as to whether the Scottish Government will issue initial payments to a majority of farmers and crofters by the end of January, and must put the remainder of the payments timetable in jeopardy.

This issue has been exacerbated by significant confusion caused by the Scottish Government’s distribution of Illustration of Entitlements letters. NFU Scotland has heard that the letters fail to adequately explain the process in plain English, and do not match up entitlements with what members will be paid. With many farmers still receiving letters back-dated to December 2015, NFU Scotland assumes that the Scottish Government’s failure to inform all claimants of their entitlements by 31 December 2015 has breached the legal requirement as outlined in Article 25 of the European Commission’s Regulation 1307/2013.

As of today (26 January), Scottish Government has also failed to inform any Agri-Environment Climate Scheme (AECS) 2015 applicants whether their applications have been approved or rejected – let alone issuing any contracts so that work can commence. In addition, the IT system has failed again such that AECS 2016 has not opened as planned on 11 January. Equally, applicants to the Young Farmers and New Entrants start-up and capital grants schemes have no idea whether their proposals have been successful in securing much-needed funding to ensure their fledgling businesses can take off.
With no further clarification or confirmation from the Scottish Government following the correspondence of 17 November, and subsequent statement at the Agriscot conference on 18 November 2015, of when Scottish farmers can expect to receive CAP payments and how much will be received, NFU Scotland can only assume that the promised schedule has now slipped significantly.

Aside from the devastating impact that delayed basic payments will have on farming businesses and the rural economy – a significant number of which has seen severe damage and disruption in this winter’s floods – NFU Scotland now has legitimate concerns about the outstanding payments that remain for other essential schemes such as the Less Favoured Area Support Scheme, Scottish Suckler Beef Support Scheme, Scottish Upland Sheep Support Scheme, and Land Managers Options and Rural Priorities payments for 2015.

NFU Scotland has made clear to the Scottish Government that delivery of 90 per cent of payment to 90 per cent of claimants by the end of January is still valid and achievable, if the government were willing to take calculated risks in the interests of Scottish agriculture, and its many farmers and crofters who are currently at breaking point. NFU Scotland asks if the Committee would consider questioning the Cabinet Secretary and his team on the significant delays and confusion that has been experienced since its last statement of November 2015, and pressing for a revised statement.

I copy this letter to the Convener of the Public Audit Committee, with particular reference to the continued overspend and failures in the Scottish Government’s Rural Payments and Services IT system.