

Direct EU Support for UK Farmers compared to UK contribution to EU finances

DEFRA received **£3,371m** in income in 13/14 from the EU - this represents 83% of its income¹.

Income from EU:

Single Payment Scheme (England):	£1,705m
To other Paying Agencies (Wales, Scot, NI):	£1,204m
Rural Development Prog for England:	£448m
Total:	£3,357m

The difference in EU income to the stated figure is made up in TSE surveillance payments, Fisheries guidance and "other services"

Expenditure on EU schemes:

Single Payment Scheme grants:	£1,671m
Payments to other Paying Agencies:	£1,203m
Rural Development Prog for England grants:	£448m
Other EU grants:	£34m
Total:	£3,358m

The other Paying Agencies are the agencies in Scotland, Wales and Northern Ireland, which receive their EU funding via DEFRA.

CAP Reform 2014-2020

The data above is for 13/14, under the previous Scheme rules. The amounts to be paid to the UK for the period 2014-2020 have now been agreed².

	Pillar 1 / € million 14-20 (approx non- inflation adjusted) (Direct subsidies)	Pillar 1 £ million / year equivalent (1 euro = £0.71)	Pillar 2 / € million 14-20 (approx non- inflation adjusted) (Environment and Rural Development)	Pillar 2 £ million / year equivalent (1 euro = £0.71)	Combined annual farm direct support £ million
England	€16,421	£1,666	€1,520	£154	£1,820
Northern Ireland	€2,299	£233	€227	£23	£256
Scotland	€4,096	£415	€478	£48	£464
Wales	€2,245	£228	€355	£36	£264
UK TOTALS	€25.1 billion	£2,542	€2.6 billion	£262	£2,804

Note: Figures are in nominal terms (i.e. they have not been adjusted for inflation over the period) nor adjusted for modulation and national reserve. Source: UK Government, November 2013.4

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/336100/defra-year-end-accounts-2013-14.pdf

² July 2014 Parliament Briefing Paper Subject: CAP Reforms 2014- 2020:Implementation Decisions in the UK <http://www.parliament.uk/Templates/BriefingPapers/Pages/BPPdfDownload.aspx?bp-id=SN06929>

The actual amount of direct farm support received by UK farmers will be dependent on administration costs, disallowance, modulation and a national reserve contribution.

According to the DEFRA Annual Accounts, it costs the RPA £691 to process and pay each claim under Single Payment Scheme³.

Disallowance (i.e. EU fines for failure to implement farm support regulations correctly) cost the UK £42m in 13/14 and DEFRA is budgeting for 2% of Scheme expenditure to be paid back in fines each year⁴. Due to the complexity of the current, scheme, it is estimated that it will be 19/20 before the fines can be calculated for the current CAP period.

Modulation is the discretionary amount of funding that is transferred from Pillar 1 to Pillar 2. This has been set at 12% in England, Wales 15% and Scotland 9.5%.

The National Reserve is *“a reserve of funds which has been top-sliced by each member state and region from their direct payments budget. This reserve can be used for a number of purposes, such as allocating payment entitlements to new entrants and young farmers or compensating farmers for specific disadvantages.”*⁵

Summary of UK balance of payments

Assuming a daily contribution rate of £55m by the UK to the EU, this represents a payment of 365 x £55m = £20,075,000,000 i.e. £20 billion per year.

The combined annual EU farm support to the UK of £2.8bn per year under Pillar 1 and Pillar 2 therefore can be compared to a UK annual contribution of over £20bn.

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/336100/defra-year-end-accounts-2013-14.pdf

⁴ <http://www.nao.org.uk/wp-content/uploads/2014/07/Department-for-Environment-Food-and-Rural-Affairs-and-Rural-Payments-Agency-Accounts-2013-14.pdf>

⁵ <http://www.gov.scot/Topics/farmingrural/Agriculture/CAP/CAPEurope10112012/CAPglossary08032013>