

SPECIAL POINTS OF INTEREST:

If you have any news you would like to share in our next publication, please send it to mail@jsca.co.uk



ROYAL
HIGHLAND
SHOW
23-26 June 2016
PARTNER SINCE 1981
Royal Bank
of Scotland

Agricultural Team



Lea Brash



Clarke Wood



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Welcome to our **Summer** Newsletter

This newsletter is designed to keep you informed of the latest agricultural issues.

We hope you enjoy reading the newsletter; remember, we are here to help you so please contact us if you need further information on any of the topics covered.

Lea Brash, Director

CAP payments

The agricultural sector is continuing to experience severe delays in receiving their Common Agricultural Policy (CAP) payments.

Following a report from Audit Scotland, they have expressed their opinion on the matter, describing the situation as “a serious concern”. Doubts have been raised about the Futures Programme (an IT business programme to deal with the CAP reforms in Scotland) in terms of cost and progress. The original budget for the project was £102m which has been revised up to £178m. The project has already incurred costs of £126m with an element of uncertainty surrounding whether or not there will be sufficient funding to meet the IT requirements of the European Commission regulations.

Audit Scotland has been critical of the government delays in making payments, with only 77% of farmers receiving the basic CAP payments by the end of April 2016.

The payment deadline was to be 30 June 2016. However, a recent announcement has permitted EU member states to extend the deadline to 15 October 2016. This means that countries that make payments after 30 June 2016 will not be fined. Prior to this announcement on extending the payment deadline the Scottish Government was facing a penalty of up to £125m.

Many of the banks have been proactive by offering support to farmers where subsidy payments have been delayed. Our experience in this regard is mixed, with some farmers taking advantage of the support from the banks, while others attempting to reorganise their affairs to delay planned expenditure until the full subsidy payment is received.

With the farming market proving difficult at present, it is even more important that CAP payments are settled soon.

Furthermore, there has already been suggestions that CAP payments for 2016 are also likely to be delayed.





EU Referendum

With the Brexit vote just around the corner, farmers need to weigh up the pros and cons of the decision to “leave” or “remain” and how this might affect the farming industry.

As you would expect in the run up to a EU Referendum there are a number of conflicting reports from politicians and so-called financial experts.

The farming industry has long-established links to Europe and some fear that any change to that situation could have profound effects. However a counter to this argument is that this particular relationship has perhaps not always been a smooth one.

The estimated income from grants and subsidies during 2015 was £452million according to the Rural & Environment Science & Analytical Services. Some of the key considerations for farmers are:

- ◆ To what extent the Scottish Government would continue to support the farming industry in the event of a vote to leave the EU. Is there a possibility that the subsidies might be higher than their current level if we exit the EU?
- ◆ The EU has a population of around 500 million people and is therefore a key place for farmers to sell their products. In the event of an exit vote farmers will want comfort that they can renegotiate trade deals with Europe.
- ◆ How will the next generation of farmers be affected by a Brexit vote? As they will ultimately live with the consequences they need a clear and reasoned debate of the pros and cons of EU membership.

It is fair to say that the debates around the dining room tables could be as lively as those by politicians and other campaigners in the run up to 23 June 2016!

Please remember to vote before you visit the Royal Highland Show on 23 June 2016.

Whole Farm Review Scheme 2016

Most farmers should be aware that the Scottish Government is offering grant support for a 3 stage review of their business. Broadly by signing up for the scheme an accredited adviser will analyse the whole farming business and provide a report and action plan. The grant rates are as follows:

Stage 1 Whole Farm Review	80% of cost up to £1,200
Stage 2 Action Plan Review	100% of cost up to £300
Stage 3 Additional Support for Specialist Advice	80% of cost up to £1,000

Johnston Smillie can provide advice for farming clients under Stage 3. This would cover the likes of the implementation of inheritance tax and succession planning included within the Whole Farm Review. In fact one of our clients has recently had approval for Stage 3 funding, which has enabled us to carry out an inheritance tax review on his behalf.

This scheme will come to an end on 31 December 2016 so do not delay in submitting your applications.

For further information on the scheme please contact the Scottish Government on 0300 244 6787, email farmbass@scotland.gsi.gov.uk or visit <http://www.gov.scot/Topics/farmingrural/Agriculture/grants/BDandM/WFRS2016>

