

Economic Evaluation of the Action Plan for Farming

Final Report for

**Department for Environment,
Food and Rural Affairs**

Submitted by

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2128/BH/March 2004

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S1. Executive Summary

The Action Plan for Farming (APfF), comprising some 63 Action Points (APs), was announced on 30 March, 2000. According to a MAFF press notice issued on that day, the APfF was intended to help chart a way out of the financial crisis that was seen to be affecting agriculture, and 'help farmers to find new and better ways to make their businesses more resilient, more efficient and more responsive'. The context of the financial crisis gave added resonance; this background included political concern with the environmental impact of agriculture, with the established culture of substantial public support and with an apparent perception that the government was not sympathetic to rural interests.

The APfF's concerns went beyond short-term problems and dealt with a range of other issues. Its formal objectives were to:

- provide financial relief for the hardest-hit sectors and help ease the process of change that they must face;
- ensure that the England Rural Development Plan (ERDP) steers the industry towards its new priorities and new direction;
- meet environment and consumer safety objectives and safeguard the interest of the taxpayer with the minimum administrative and cost burden, regulating only where necessary and wherever possible using a range of incentives, voluntary measures and market measures to achieve these goals;
- ensure that Government, farmers and the food industry work together to find ways to improve profitability in the industry; and,
- ensure that the Government works tirelessly in the European Union to secure a more market-oriented CAP, to remove production controls and to simplify bureaucracy.

The APfF operated over a fairly short timeframe, partly by design and partly because of external factors. Major changes that occurred after the APfF was introduced (especially the outbreak of Foot and Mouth Disease (FMD) in 2001) must inevitably colour present perceptions of the APfF.

In May 2003 Defra commissioned IC Consultants in association with Agra CEAS Consulting Ltd. to carry out a meta-evaluation of the Action Plan for Farming. Research was carried out between May and September 2003.

The methodology employed in this meta-evaluation comprised a mix of desk research and analysis by the evaluation team of evidence relating to the APfF and its components. This was gathered from secondary sources and from Defra senior

programme administrators, scheme managers and other stakeholders using a mix of face-to-face interviews (using a semi-structured questionnaire) and a more structured response sheet that was distributed electronically and, where replies were not forthcoming, followed by reminders.

The focus was the meta-evaluation of the APfF as a whole rather than the detailed evaluation of each of its parts. Within this approach, the three key tasks were to:

- evaluate the performance of each component of the APfF in relation to its own objectives;
- evaluate the performance of each component in relation to the objectives of the APfF as a whole; and,
- scrutinise the interaction between Action Points, with the intention of identifying synergy (both positive and negative). This aspect of performance is what distinguishes between a group of unconnected components and those that, by working together, enable the impact of the programme to be greater than the sum of the individual components.

To assess the rationale for the APfF the evaluation provides an overview of the economic and political context of its inception. It was noted that the APfF was introduced at a time when, for a variety of reasons, incomes from agricultural activity had been declining sharply for a number of years and were at very low levels in historical terms. This led to acute short-term income problems among operators of certain types of farm, especially for livestock producers and those without additional income sources. There was also ample evidence of acute political pressure on Government to take action in relation to agriculture and the countryside.

The APfF was therefore a highly politically-driven policy intervention. This is borne out by when it was launched, soon after the policy strategy document [A New Direction for Agriculture](#) (December 1999) and when the England Rural Development Plan (2000), a national application of the EU Rural Development Regulation (1257/1999), was being introduced.

The process of drawing up the APfF took place over a very short timeframe and appears to have been initiated and driven from a senior level in Government. Early on it was decided that the package was not only to include measures such as agri-monetary compensation to address short-term income needs, but also Action Points to address a range of other aims, including easing the process of change (restructuring) that had to be faced by farmers, minimising the administrative burden, encouraging farmers and the food industry to work together, facilitating the introduction of the England Rural Development Programme, and pursuing CAP

reform. This meant that, in the view of many of those surveyed, what finally emerged cannot be said to form a balanced, consistent and fully cohesive package of interventions. Rather, it comprised a mix both in terms of types of Action Points and of objectives to be achieved. The fact that the APfF was trying to address such a wide range of objectives meant that in the end a large number of Action Points which might be seen as peripheral or even irrelevant to the overall objectives were included.

In this evaluation Action Points have grouped actions into those that had recognisable outputs and for which funding was (mainly) provided, which we have termed measures, and others that have been classified as aspirations, endorsements and points of good governance. The relatively poor degree of synergy between measures, and between measures and other Action Points, that this meta-evaluation uncovered is indicative of the APfF being put together from parts that happened to be available rather than as a set of instruments operating within a designed framework.

The APfF appears to have delivered the political result which was desired in the sense that it was warmly welcomed by the farming organisations who felt the APfF responded to the industry's most pressing concerns.

Looking at the Action Points classed as measures, it is clear that, on balance, performance was generally good, in the narrow sense of whether the specific action was taken or not. In other words, where an action was required this seems to have largely been initiated and completed within the intended timeframe. Similarly, the financial and quality monitoring process appears to have been generally satisfactory. However, only a relatively limited number of formal external evaluations of individual measures has been conducted (4 in total), though we have been told of some internal analyses, including of agri-monetary compensation for which we have been provided with some documentation. In many cases follow up of measures largely seems to have faded once the one-off action had been taken, or as they became subsumed into other measures (e.g. incorporated into the ERDP), or overtaken by events such as FMD and the establishment of Defra itself.

Looking beyond the individual measures to the APfF as a whole (the focus of the meta-evaluation), its impact appears to have been unbalanced in terms of achieving the formal objectives set out when it was announced. In general, measures directed at providing financial relief to an industry recognisably in distress scored highly in the view of those involved. But the components relating to the other formal APfF objectives (such as restructuring) were seen as far less satisfactory. They had relatively little funding attached to them and were generally not perhaps as

thoroughly appraised as would have been desirable. This meant that their impact in terms of the whole APfF must be seen as relatively marginal. In the case of the APfF's major restructuring measure (the Pig Industry Restructuring Scheme, AP3) the scheme design was compromised by having to comply with EU state-aid rules and the effect attributable to the scheme is argued to have been obscured by subsequent events such as FMD and other disease outbreaks. The lack of success of the Action Points that were not directed at the immediate financial crisis is reflected in the fact that these issues subsequently needed to be more profoundly addressed by the Curry Commission¹ and Defra's own 2002 policy document The Strategy for Sustainable Farming and Food.

Nevertheless, a more positive note can be struck. It can be argued that some schemes which might not otherwise have been brought forward were introduced as part of the APfF. Also the APfF's wide ranging endorsements and aspirations with respect to diminishing the regulatory burden on farmers, encouraging a more market-oriented approach, enabling farmers to live increasingly without subsidy and encouraging all partners in the food chain to act together, reflected an important stage in the thought processes which ultimately culminated in a new approach to the way farming is seen and dealt with. The APfF can be thus seen as having contributed to this reorientation.

In terms of lessons to be drawn from the meta-evaluation process, the report points out that the absence, for whatever reason, of proper design of interventions, including synergy between the elements, and the lack of a robust *ex-ante* appraisal process, is likely to have led to poor policy performance. As was pointed out by stakeholders, a further lesson that should be learned and taken into account in subsequent programmes is that there needs to be 'sustained follow-up' to such policy announcements for them to be effective beyond the short-term.

¹ Farming and Food – A Sustainable Future. Policy commission on the Future of Farming and Food. Cabinet Office, January 2002.

1. Introduction

In May 2003 Defra commissioned IC Consultants in association with Agra CEAS Consulting Ltd. to carry out a meta-evaluation of the Action Plan for Farming (APfF). Research was carried out between May and September 2003. This document presents our Draft Final Report, and is structured as follows:

Section	Content
Executive summary	<u>Summary of the meta-evaluation.</u>
Chapter 1	<u>Introduction.</u> Identity of the consultants, report structure and objectives of the APfF.
Chapter 2	<u>Rationale of the APfF.</u> A review of the political and economic context at the time of the APfF introduction. This chapter includes a review of relevant literature and also draws on material from meetings with senior Defra staff and stakeholders.
Chapter 3	<u>Methodology.</u> A description of the main aspects of the methodology applied. This is based on recommended EU evaluation methodology drawn from the MEANS collection. This chapter also includes a typology of APfF Action Points.
Chapter 4	<u>Analysis of the performance of individual measures in relation to its own objectives.</u> This Chapter is based on interviews and questionnaires with APfF Action Point managers. A scoring system has been devised and applied at each stage of the ROAME conceptual framework.
Chapter 5	<u>Analysis of performance of measures in relation to APfF objectives.</u> Evidence in this Chapter is derived from tables in the questionnaire for Action Point managers and other stakeholders as well as from interviews with senior managers and other stakeholders and Industry Forum meeting records.
Chapter 6	<u>Analysis of cross-impacts between measures and with other actions.</u> The evidence here is derived from the matrices of cross-impacts completed by scheme managers and other stakeholders.
Chapter 7	<u>Conclusions and lessons to be learned.</u> This final chapter draws on the evidence collated during the research process and provides conclusions and lessons to be learned for the future.
Appendices	
1	Terms of reference
2	Documents consulted
3	Contextual information and statistics
4	Classification of actions by type and objective
5	Summary of formal evaluations (where these have been undertaken for schemes / measures)
6	Specimen questionnaires and response sheets
7	List of interviewees and correspondents

8	MAFF estimates of the impact of agri-monetary compensation
9	Summaries of the reports of three task forces (inputs, milk, hills)
10	Milk task force report
11	Hills task force report

The APfF comprising some 63 Action Points was announced on 30 March, 2000. According to a MAFF press notice issued on that day, the APfF was intended to help chart a way out of the financial crisis that was seen to be affecting agriculture, and ‘help farmers to find new and better ways to make their businesses more resilient, more efficient and more responsive’². The Government’s Action Plan for Farming had as its objectives to:

- provide financial relief for the hardest-hit sectors and help ease the process of change that they must face;
- ensure that the England Rural Development Plan steers the industry towards its new priorities and new direction;
- meet environment and consumer safety objectives and safeguard the interest of the taxpayer with the minimum administrative and cost burden, regulating only where necessary and wherever possible using a range of incentives, voluntary measures and market measures to achieve these goals;
- ensure that Government, farmers and the food industry work together to find ways to improve profitability in the industry;
- ensure that the Government works tirelessly in the European Union to secure a more market-oriented CAP, to remove production controls and to simplify bureaucracy.

The terms of reference of this meta-evaluation, taken from the contract, are provided as Appendix 1.

² Press notice issued by MAFF.

2. Rationale of the Action Plan for Farming

A necessary step in the meta-evaluation of the Action Plan for Farming is to review the rationale for its introduction. Rationale is context-dependent. This section outlines the economic and political context in which the APfF was drawn up. It is based on a review of data sources as well as the views provided by senior officials and other stakeholders closely involved with the development of the APfF at its inception.

2.1. Economic background

The APfF was introduced at a time when, for a variety of reasons discussed in more detail below, incomes from agricultural activity had been declining sharply for a number of years and were at very low levels in historical terms. This led to acute short-term income problems among operators of certain types of farm, especially for livestock producers and those without additional income sources. Added resonance came from the context in which these difficulties occurred. There was widespread concern with the environmental performance of agriculture and consideration was being given to shifting the balance of intervention towards environmental objectives and broader rural development aims. There was also criticism from some quarters of the established culture of substantial public support for the industry, with the feeling that this should be changed. Though this could be to agriculture's long-term benefit, the challenge to the uniqueness of agriculture's case might be expected to carry short-term adjustment implications.

Statistics from Defra illustrate the extent of the income problem. A long-established indicator of changes in the prosperity of farming is Net Farm Income (NFI), as defined for the Farm Business Survey (though this does not correspond with what would be usually considered as the profit from farming nor the personal incomes of the farm operators). From Net Farm Income³ results by type of farming in real terms between 1994-2002 shown in Figure 2.1 and Table 2.2.1 below it is clear that in 1999/2000 incomes for most sectors, with the exception of cereals, had fallen to a very low level. In the case of pigs and poultry, 1999/2000 was the second successive year of negative Net Farm Incomes, reflecting principally the market situation for pig-meat.

³ Net Farm Income is a standardised income concept that, *inter alia*, assumes that all land is rented and that farms do not pay interest charges on debt. NFI is constructed so that profitability and performance of different types of farms can be compared. It is defined as the return to the principal farmer and spouse for their manual and managerial labour and on the tenant-type capital of the business. Its definition differs from that of TIFF (see below). In practice the annual percentage change in NFI is more volatile, especially at relatively low levels of income.

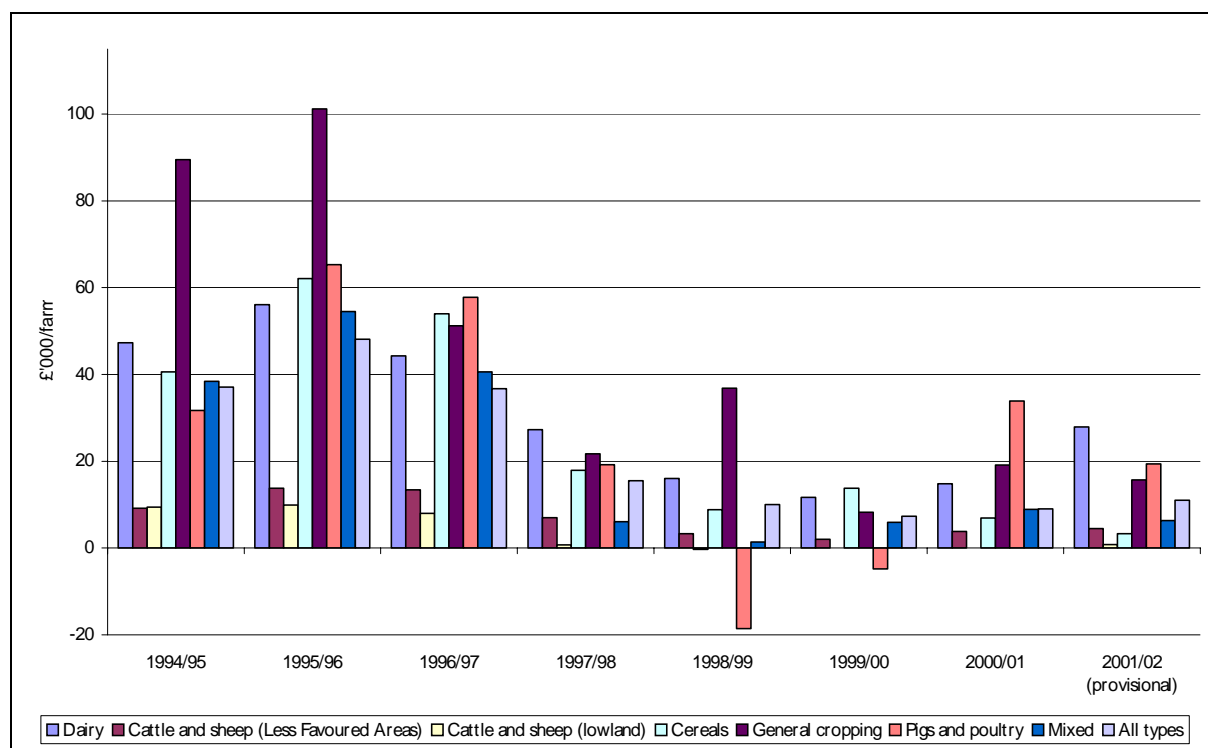


Figure 2.1: NFI (UK) by type of farm 1994-2002 (£'000/farm), in real terms (2002)

Source: Defra, Agriculture in the United Kingdom 2002 using data from the Farm Business Survey and related surveys.

Table 2.2.1: NFI (UK), by type of farm 1994-2002 (£'000/farm), in real terms (2002)

	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02
Dairy	47.3	56.1	44.3	27.3	16.0	11.7	14.8	27.9
Cattle and sheep (Less Favoured Areas)	9.2	13.8	13.4	7.0	3.3	2.0	3.8	4.5
Cattle and sheep (lowland)	9.4	9.9	8.0	0.7	-0.3	-	-	0.8
Cereals	40.6	62.1	54.0	17.9	8.8	13.8	6.9	3.3
General cropping	89.5	101.2	51.2	21.7	36.8	8.2	19.1	15.7
Pigs and poultry	31.7	65.3	57.8	19.2	-18.6	-4.8	33.9	19.4
Mixed	38.4	54.5	40.6	6.1	1.4	5.9	8.9	6.3
All types	37.1	48.1	36.7	15.5	10.0	7.3	9.0	11.0

Source: Defra, Agriculture in the United Kingdom 2002 using data from the Farm Business Survey and related surveys.

This picture is mirrored in broader measures of income derived from the economic accounts for agricultural activity of the industry as a whole. Of these the most prominent is Total Income from Farming, (TIFF), which represents the aggregate residual rewards of the resources owned by farm operators (their land, capital and own labour) from agricultural activity, though again this does not necessarily correspond to their business profits or personal incomes. Results for TIFF are presented

in Figure 2.2 below. These show this industry level measure of rewards declining sharply from 1995 to 2000 and only recovering from 2001 onwards.

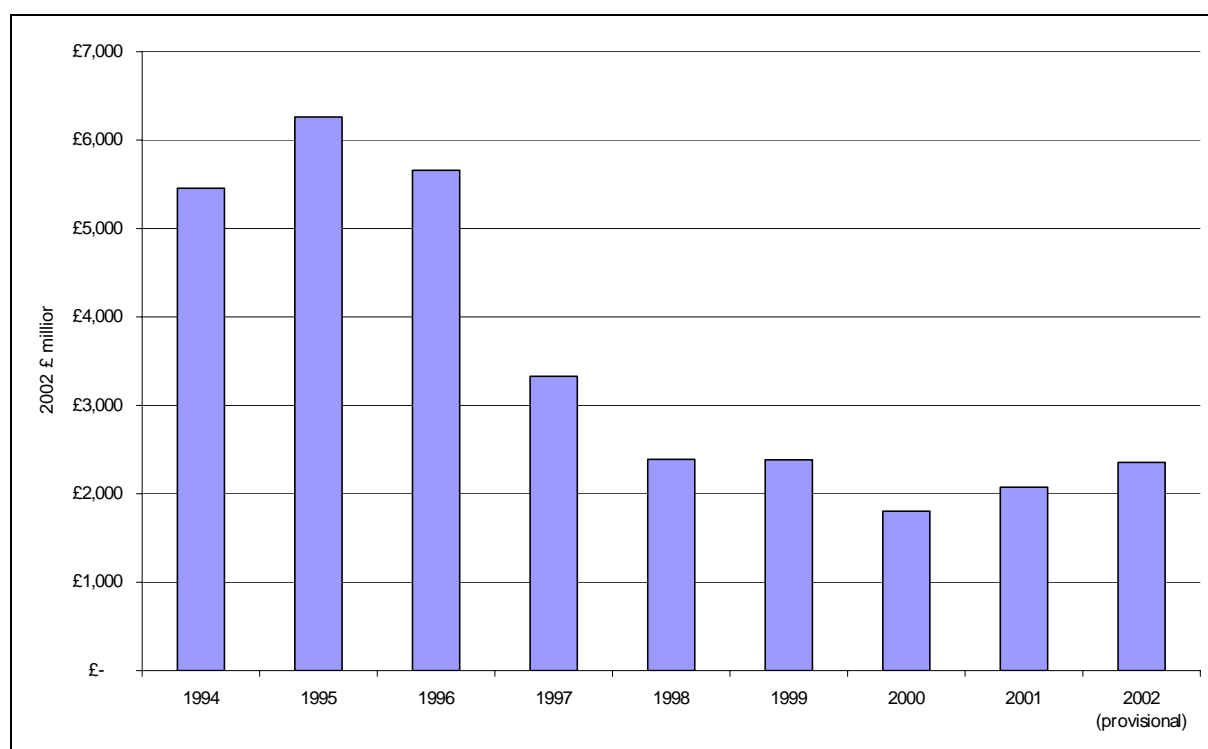


Figure 2.2: TIFF in the UK (in real terms, 2002 prices, £ million)

Source: Defra, Agriculture in the United Kingdom 2002, derived from the aggregate Economic Accounts for Agriculture.

The main reasons cited by stakeholders in our interviews with them for this decline in prosperity were:

- a) the unfavourable development of the Sterling exchange rate against the European currency unit (first the ecu and then from 1 January 1999 the Euro), that combined with,
- b) a number of sector-specific factors.

Between the end of 1995 and the end of 1999 Sterling appreciated by approximately 20% against the Euro (Figure 2.3), resulting in a lowering of support prices/direct payments to a similar extent when expressed in Sterling. It also reduced the international price-competitiveness of UK output. These factors contributed strongly to the fall in output prices experienced for cereals, livestock and milk over this period. On an index of 100 based on 1995, average producer prices for cereals had fallen to 66.5 by 1999, producer prices for milk had fallen to 73.6 and for livestock to 74.3.

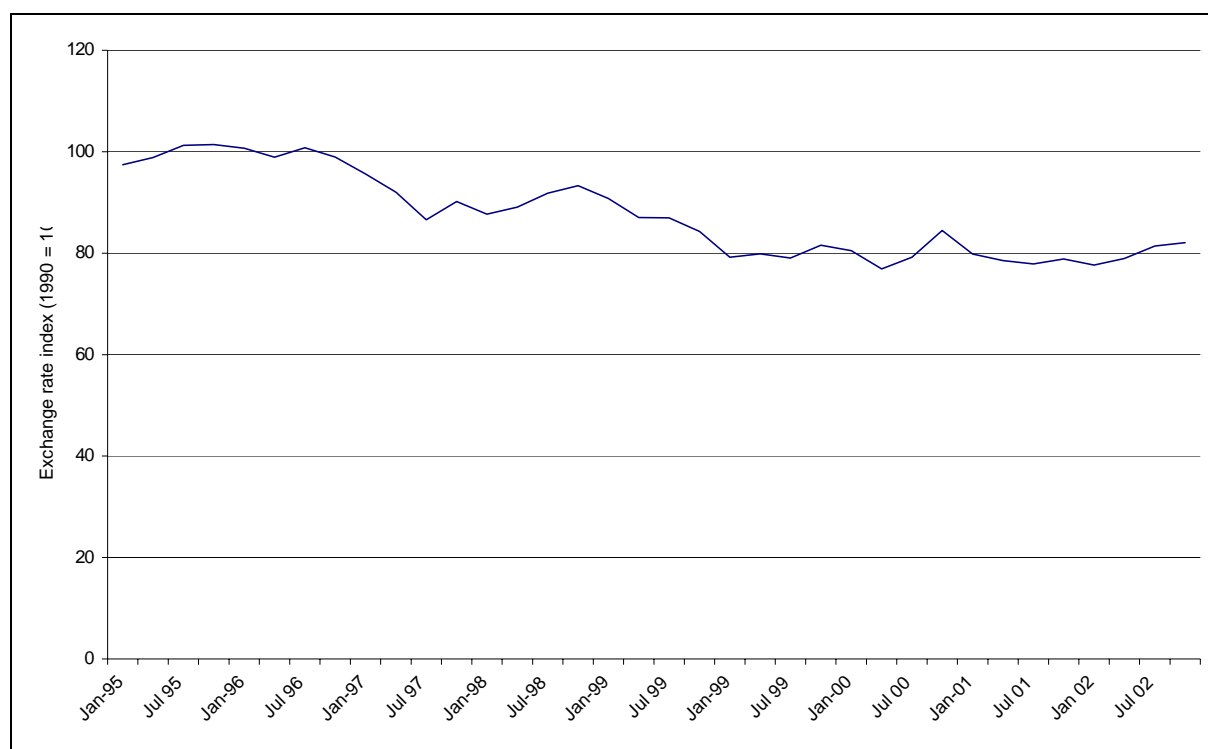


Figure 2.3: End month effective exchange rate index, Euro: Sterling (1990 average = 100) 1995-2002

Source: Bank of England.

The sector-specific factors seen as adversely affecting farming incomes included what were perceived as higher costs resulting from regulatory impacts (e.g. the unilateral stall and early tether ban in the pig sector), or more specific market related developments such as the sharp rise in prices for pig-meat following the heightened awareness of BSE, known about since the 1980s but linked with human health (vCJD) from 1995/96. We have been told that this led to over-investment/overproduction in this sector which was then followed by a price collapse. The Pig Industry Restructuring Scheme, which became an element in the APfF, was a response to these conditions.

2.2. Political background

The political pressure for government intervention in the agricultural sector began building almost from the election in May 1997 and subsequent formation of the Labour Government. The decline in incomes from agriculture coupled with wider concerns that the Labour government was an urban rather than a rurally focused administration because of its stance on a number of rural issues, led some to blame the government for the economic problems in the sector. The Government's sensitivity on this point was perhaps made more acute by the fact that the election

had also produced a House of Commons with an unprecedented high number of Labour MPs with a rural element in their constituencies. This political response was a significant factor in the genesis of the APfF.

Our consultations have indicated that the difficulties encountered by the agricultural sector in the years leading up to the APfF were exacerbated by the aftermath of the BSE crisis of 1996 and the uncertainty created by the Agenda 2000 CAP reform process, drafts proposals of which were circulated from 1997, particularly in relation to modulation, and possible eastward enlargement of the European Union.

Developments in the political climate can be traced using media output. According to these, the frustration and anger felt by farmers manifested itself in December 1997, when the Agriculture Minister⁴ was 'pelted with eggs and flour in Carlisle'. Welsh farmers blockaded the port of Holyhead and threw Irish beef into the sea as a protest against cheap imports. English farmers staged similar protests at Millbay docks in Plymouth. (BBC News, 28th February, 1998).

In July 1997, and again in March 1998, the Countryside Alliance staged a protest rally and march in London, supported by a large number of agricultural, rural and environmental groups, including the National Farmers' Union (NFU). The purpose of the march was ostensibly to publicise the wider frustrations of the rural community, who felt that their culture and way of life were under threat from a largely urban establishment. However, protests against proposals to ban foxhunting somewhat overshadowed the rest of the rural agenda. The event received much publicity as nearly 300,000 people marched through London.

As a result of declining farm incomes, the NFU launched their 'Keep Britain Farming' campaign in Autumn 1998 to publicise the following issues:

- the consequences of the strength of Sterling against the Euro (mentioned above);
- the collapse of world commodity prices following financial crises in Asia and Russia, and the subsequent loss of important Russian markets;
- increasing fuel costs, high interest rates and increasing industry regulation;
- the impact of the government's decision not to apply for 'agri-monetary compensation' from the EU; and,
- the crisis in the beef sector resulting from scientific reports showing that BSE in cattle could be transmitted to humans and might cause the brain disease new variant CJD.

⁴ At the time Dr Jack Cunningham.

In September 1999, the NFU followed this with an audit of British farmers, and issued press statements warning of 'the worst agricultural crisis since the 1930s'. They claimed that average farm incomes had fallen by 75% since 1997 to half the national average income, farm-gate prices were at their lowest level in 15 years, and production costs were exceeding revenues ([The Guardian](#), 1st September 1999) (see also Section 2.1 on economic background above).

In the same month, farmers had been generating media publicity by dumping 'unaffordable' animals at animal sanctuaries and in public phone boxes. The Agriculture Minister⁵ ruled out cash aid to farmers, although he did decide to seek European Commission approval for £2 million of emergency storage aid, to be paid to abattoirs, in order to take sheep and calves off the market ([The Times](#), 3rd September 1999). The Minister came under further pressure over his 'no more cash' stance, and pulled out of talks with farmer union leaders. Meanwhile, the Welsh First Secretary⁶ wanted to pursue a separate policy of aid for Welsh farmers through the devolved Welsh Assembly, although this was strongly resisted by the (UK) Agriculture Minister and the plan was abandoned.

In response to the increasing pressure, the Prime Minister urged Ministers to speed up plans for a farmers' aid package. On the 20th September 1999 a £150 million relief package for farmers was announced. This was accompanied by a pledge to cut what the industry perceived as excessive red-tape. Finally, the Prime Minister promised not to ban shooting and fishing, regardless of Parliament's decision over the future of foxhunting. The announcement was widely interpreted in the press as illustrating the Prime Minister's growing concerns over the countryside vote.

The announcement received a mixed reaction, with the Countryside Alliance immediately calling for an independent inquiry into hunting with dogs and several thousand hunt supporters demonstrating outside the Labour Party Conference in Bournemouth. Farmers were not impressed by the amount of aid on offer. [The Guardian](#) denounced the rescue package as 'a clever and persuasive con-trick', and accused the Agriculture Minister of 'spending £150 million to buy political capital and save small farmers and spending billions more to wipe them out' ([The Guardian](#), 23rd September 1999). [The Times](#) accused the government of 'continuing to neglect the pressing rural agenda' ([The Times](#), 28th September 1999).

In October 1999, France received an ultimatum from the EU to lift its ban on the import of British beef. France rejected this, claiming that the EU should rethink its

⁵ By then Nick Brown.

⁶ Alun Michael.

policy. The British government countered that it would take swift legal action in the European Court of Justice, and condemned France's action as indefensible. Facing calls to retaliate by banning imports of French beef on the evidence of an EU report stating that sewage was used in animal feed, the (UK) Agriculture Minister agreed to further safety tests on British beef before the ban would be lifted. As a result, the government was accused of 'caving in to the French' (The Times, 3rd November 1999), and subsequently set a 10 day deadline for the lifting of the ban. The dispute threatened to overshadow the November Anglo-French summit and start a trade war, and the press hinted that the government at times appeared to be giving up hope of reaching any settlement. The Prime Minister ultimately called for 'swift legal justice' to end the ban.

Meanwhile, reports of plans to replace the Ministry of Agriculture with a department with a wider rural and environmental remit raised concerns over the future handling of farming policy. Agriculture groups condemned the proposal as an indication of the government's contempt for farming. A report concerning the future of rural England was leaked to the press, stating that the countryside must 'change or die' (The Times, 20th October 1999), and generated considerable debate over the proposals to free prime farmland for development, and the introduction of a tourism tax for top attractions.

In November 1999 the extent of the crisis in rural areas was underlined by the MAFF release of new figures which showed that average Net Farm Income for hill farmers had declined to £2,000 per annum, representing a further 35% drop since the previous year. The Countryside Agency also released figures showing that village pubs were closing at a rate of six per week, with other essential local services such as post offices and shops also being adversely affected. The government announced that it would be diverting around £45 million of EU farm subsidies to new rural development schemes through modulation under the Agenda 2000 reforms. These new schemes, under the Rural Development Regulation 1257/99, were to be aimed at promoting tourism, protecting the rural landscape and boosting the rural economy.

The NFU released its own report showing that the country's top 300 egg producers faced going out of business as a result of costs of £550 million necessary to change production methods from battery cages to more welfare friendly methods. In response, the Agriculture Minister announced in December 1999 that the Red Lion quality control mark would be reintroduced in an attempt to boost sales of UK produced eggs.

In December 1999 the MAFF policy document on a New Direction for Farming was received with some nervousness by the agricultural community.

The Agriculture Minister came under a sustained personal attack in parliament over his handling of the French beef ban, with repeated calls from the Conservative Party to resign his position. He also faced claims that he had misled farmers over the contents of the £150 million aid package announced in September 1999, and was accused of giving farmers 'false hope' (The Times, 14th December 1999). Later, he also received a hostile reception when he addressed the NFU annual conference in February 2000.

The Prime Minister also faced controversy on a visit to the South West of England in January 2000 when he stated that while farming was in crisis, people living in the countryside were generally better off than their urban counterparts and also lived longer. Quoting from the Cabinet Office report Economic, social and environmental conditions in the countryside, he was criticised for painting an overly rosy picture of rural life, and ignoring the real economic hardships faced by people dependent on the rural economy for their livelihoods.

Farmers launched a new high profile 'Farmers for Action' campaign in February 2000, returning to active protest to get their message across and highlight their plight. They blockaded supermarkets, restaurants and wholesalers in protest against low producer prices and imported products, stressing in particular the extremely low farm-gate prices for milk and meat. The NFU warned at their annual conference that time was running out fast, and that the British pig industry would collapse within weeks if nothing was done; farmers started a new demonstration in Parliament Square involving live pigs. Against this background, a leading article in The Times commented that the Prime Minister was getting a 'rough rural ride', and that 'social decay in the countryside needed urgent attention' (The Times, 5th February 2000).

Our conclusion is that there is ample evidence for political pressure on the government in the period leading up to the formulation of the APfF.

2.3. The composition of the Action Plan for Farming

According to our consultations, in February 2000, as a result of these building pressures, the Prime Minister became convinced of the need to take short-term action to alleviate the economic crisis facing agriculture, particularly in certain sectors. It was recognised however that short-term actions alone could not be justified without being accompanied by longer-term measures. The Action Plan for Farming (APfF) which was subsequently drawn up comprising some 63 Action Points (APs), therefore consisted of both short-term steps to alleviate the immediate crisis

and longer-term measures to help the industry restructure, improve regulation and more generally move away from the focus on commodity markets by diversifying production, developing niche markets, improving marketing and providing advice. Although the APfF was focused on England, a number of the measures had UK wide application.

We have been told that the timetable for drawing up the APfF was relatively short (some six weeks) because the deadline for requesting agri-monetary compensation (for beef, sheep-meat and dairy) from the European Commission was the end of March 2000. These compensation payments formed a significant way of providing short-term income relief. The basic economic argument justifying them was that Sterling was at that point overvalued and not at a sustainable long-term level. This meant that support was required to maintain the competitiveness of the UK farming sector in the short-term, with the assumption that this would not be needed with the return of more normal exchange rate conditions.

During the drafting process for the APfF divisions of MAFF and other government departments were contacted for items suitable for inclusion, and other stakeholders were consulted (including the NFU and the Country Land and Business Association (CLA)). In some instances the APfF provided a useful opportunity for public-sector administrators to advance particular schemes or to increase the profile of actions that were already underway or intended. The eclectic and speedy way in which the APfF was brought into being largely explains the wide variety of Action Points, including what we have termed measures, endorsements, aspirations and aspects of good governance (see Section 3.2.1). Synergy between measures and the wide range of other actions, endorsements, etc. were not really part of the original intention. We have been told that the endorsements contained in the APfF could be seen as highlighting the will of government or giving the government 'stamp of approval' to particular initiatives.

In the announcement of the APfF on 31 March 2000 its stated objectives were to:

1. provide financial relief for the hardest-hit sectors and help ease the process of change that they must face;
2. ensure that the England Rural Development Plan steers the industry towards its new priorities and new direction;
3. meet environment and consumer safety objectives and safeguard the interest of the taxpayer with the minimum administrative and cost burden, regulating only where necessary and wherever possible using a range of incentives, voluntary measures and market measures to achieve these goals;

4. ensure that Government, farmers and the food industry work together to find ways to improve profitability in the industry; and,
5. ensure that the Government works tirelessly in the European Union to secure a more market-oriented CAP, to remove production controls and to simplify bureaucracy.

As will become evident, this list is not fully coherent and contains internal inconsistencies. Nor is it comprehensive, in that it omits the political purpose the APfF was intended to serve. Our discussions point to the APfF as forming a political reaction to a perceived crisis rather than a full blown, thoroughly thought out strategy with worked out outcomes, indicators, etc.. While there were elements that directly tackled the short-term economic problems, these were accompanied by others for which the APfF formed a useful vehicle for achieving political and economic ends, an observation that will be followed up in later sections of this meta-evaluation.

Most APfF Action Points were implemented in 2000, the year in which the ERDP started to be operated. The intention for the APfF to be sustained is clear from the announcement in February 2001 of the securing of a further £300m to take forward key measures 'over the next 3 years' and the introduction of Actions not among those of March 2000, including the launch of three Government/Industry Task Forces (on Inputs, Milk and the Hills)⁷, flexibility in dealing with AAPS payments in the light of recent flooding, and measures on fuel duty and Vehicle Excise Duty to benefit farmers in the Chancellor's pre-budget statement (Action Plan for Farming – Bulletin Issue 3, 6/2/2001). The continuing Action Points were dislocated by the FMD crisis of 2001.

The reference at the end of the document announcing the APfF (not a numbered Action Point) to the assurance of a continuing strong MAFF was included, we were told, as something of importance to the NFU. However, the assurance was soon overtaken by events that led to the formation of Defra in June 2001. The reorganisation of departmental responsibilities also helped make obsolete one function of the APfF by bringing together in Defra some of the parts of government that the APfF had attempted to co-ordinate (though the establishment of the separate Food Standards Agency split off some previous MAFF functions).

⁷ On 23 November 2000 the Agriculture Minister announced three Government/Industry Task Forces to drive forward the agricultural strategy and tackle key issues of concern. The reports of the Inputs Task Force and the Hills Task Force were published on May 9, 2001. The Milk Task Force report was published on 3 January, 2002. Summaries of the findings and recommendations are presented in Appendix 9.

2.4. Monitoring of performance and continuing relevance of the Action Plan for Farming

The continuing relevance of the APfF to the problems experienced by the industry was tested using the Industry Forum, a body put together to keep stakeholders informed of progress in the delivery of the APfF. The Forum, chaired by the Minister, met twice. We have notes from the meetings of 6 July 2000 and 23 November 2000; a further meeting apparently was cancelled in the face of FMD developments. MAFF set up a small group of staff to co-ordinate reporting on delivery of the Action Points, to deal with Parliamentary Questions on the APfF, to work to enable future evaluation, and to manage relationships with stakeholders who formed the Industry Forum. The APfF State of Implementation report was last updated for the Forum in May 2001. Action Plan News Bulletins were produced for the general public (three editions, issued 3/7/00, 23/11/00 and 6/2/01).

3. Methodology of the evaluation

The methodology employed in this meta-evaluation comprised a mix of desk research and analysis by the evaluation team of evidence relating to the APfF and its component parts. This was gathered from secondary sources and from Defra senior programme administrators and scheme managers, together with other stake holders. It should be noted that the methodology proposed to Defra (and accepted) did not involve direct contact with beneficiaries of actions (such as surveys of farmers). The focus was the meta-evaluation of the APfF as a whole rather than the performance of each of its parts. Defra has commissioned separately a number of evaluations of some of the more prominent single elements. Nevertheless, for reasons that will become clear, views on the performance of each of the measures formed an important input to the meta-evaluation.

The evaluation of a collection of actions, such as the APfF, represents a particular methodological challenge. The EU MEANS collection on socio-economic evaluation methodology suggests that there are three key tasks:

- evaluation of the performance of each component in relation to its own objectives;
- evaluation of the performance of each component in relation to the objectives of the APfF as a whole; and,
- scrutiny of the interaction between actions, with the intention to identify synergy (both positive and negative). This aspect of performance is what distinguishes between a group of unconnected components and a programme of elements that, by working together, create an impact of the whole that is greater than the sum of the individual parts.

The basic method by which these tasks were accomplished is set out in the following sub-sections.

3.1. Review of documentation

A review was undertaken of the documentation and other evidence (including discussions with senior administrators and stakeholders) pertaining to the origins of the APfF, its component parts, overall aims and objectives and the changing context in which the APfF was operated.

A list of the documents consulted is provided in Appendix 2. In particular, Defra made available the 'Comprehensive Briefing Document' that both lists details of each of the 63 Action Points (APs) and gives guidance on the rationale behind many

of them. Minutes of the Industry Forum relating to the APfF and of the groups dealing with the monitoring of progress of the APfF and its Service Delivery Target were also seen. Notes of our discussions with senior administrators and with stakeholders were taken and fed back for participants to comment on and/or correct. Such discussions are a way of detecting aims of the APfF that do not appear in the formal statement of objectives, such as those that are political, administrative or institutional in nature. They also provide guidance on the relative weights of stated objectives, of the relationship between the APfF and other policy initiatives, and external factors that may influence its performance.

3.2. Construction of conceptual framework

This element of the evaluation enabled the individual Action Points (APs) to be related to the APfF and positioned with respect to each other. The 63 APs of the APfF are diverse in form and in purpose. Grouping them seemed an essential step if evaluation was to be a manageable task. The following sub-sections detail the grouping used.

3.2.1. Grouping by form of action

Although the 63 elements within the APfF were frequently referred to in the associated literature as measures, this is potentially misleading. On examination, although many could be described as measures, in the sense that they proposed action to be taken (41%), some are more accurately described as endorsements of initiatives taken outside the framework of the APfF and often outside the remit of Defra (11%). Other elements, where there was no actionability and the actions were outside the sole control of Defra, are probably best described as aspirations (8%). Finally, a large portion (38%) of the elements are, in our judgement, best described as characteristic of good governance, i.e. these points cover actions that a properly functioning government would be undertaking in any case. These distinctions provide an initial level of typological detail for categorising the 63 points into sensible groupings.

The meta-evaluation concentrates on the 26 measures. This was done because these were amenable to the application of normal methodology of evaluation, namely they could be subject to scrutiny using the ROAME procedure⁸. As (mostly) users of public funds and with identifiable outputs (and impacts, or outcomes) it was possible to ask meaningful questions about their effectiveness, efficiency and economy. Nevertheless, the other elements in the APfF were not ignored. As actions that, in many cases, were designed to have political and/or administrative aims, they

⁸ Questions that challenge the Rationale; Objectives; Appraisal; Monitoring; Evaluation (and Feedback) of policy actions.

are not easily fitted into the conventional evaluation framework. The main way that these have been included is through the synergistic relationship that they hold with the individual actions we have classed as measures.

3.2.2. Grouping according to objective

In situations when policy interventions are many and diverse, there is a danger that, even if the performance of individual components is satisfactory in relation to their own objectives, the performance of the policy as a whole is less adequate. There may be conflicts between objectives of measures, duplications or gaps. One way of assessing this requires the construction of a hierarchy of objectives, the process of doing so will reveal such short-comings which might result in a poor performance overall. Poor performance could also result from misallocation of resources between programmes and schemes within the APfF. A hierarchy can extend beyond functional objectives related to the perceived problems of the target sector and include political and administrative (operational) aims.

However, such a concept is best applied in a situation in which there is a strong element of top-down planning of a programme of related schemes. This is patently not what happened when the APfF was assembled. Under these circumstances it is preferable to use the concept of the 'logical diagram of expected impacts' (MEANS Collection, Vol 4, Box 7, p26). This, in essence, examines the performance of each measure in relation to the five common objectives of the APfF as a whole. Where there are several identified objectives (as with the APfF), it is quite possible that a single measure will impact on more than one, with different degrees of intensity.

Documentation made available to the consultants by Defra showed that the measures within the APfF were sub-divided into seven categories⁹. However, it appears that these categories were not used to any great extent and a more restricted categorisation was selected by Defra (and presented in the terms of reference for this project) in order to 'brigade' the measures into similar groupings. This brigading is used in this report as a secondary typological breakdown and is as follows:

⁹ Section I: partnerships (of which there was only one item dealing with the way the APfF was to be operated in association with other government departments, agencies and stakeholders).

Section II: measures to help hardest hit sectors.

Section III: rural development and diversification.

Section IV: better regulation.

Section V: marketing and food chain co-operation/new skills.

Section VI: CAP reform.

Section VII: new measures (of which Working Families Tax Credit for Farmers was the only item).

- a) Measures relating directly to the improvement of farm incomes and performance.
- b) Measures relating to rural development and diversification, in part anticipating the England Rural Development Programme or facilitating its implementation.
- c) Measures aimed at improving the marketing of UK farm produce.
- d) Measures aimed at minimising costs and bureaucratic burdens whilst maintaining an appropriate standard of protection for consumers and the environment.

However, scrutiny of the 63 actions suggested that a further category was needed which we have labelled 'overarching issues' because they did not obviously fall into either one of the categories a) to d), or embraced two or more of them.

The listing of components of the APfF, sub-divided into types (measures, endorsements, aspirations, and good governance) and by revised brigade is given in Appendix 4. On the basis of these groupings an investigation of the performance of measures was carried out by collecting evidence from Defra managers responsible for each.

3.3. Assembly of evidence

This element of the project assembled evidence on the performance of the various programmes/schemes in relation to their own objectives and to the objectives of the APfF as a whole and on the synergy between actions.

This was achieved through a) reviewing existing evaluation reports where such studies have been carried out and b) by the collection of new information from administrators and other stakeholders (there was some overlap with the groups interviewed as part of Section 3.1 above). The administrators currently responsible for each measure and stakeholders were identified with the assistance of Defra. Contacts were either visited by members of the evaluation team and interviewed face-to-face using a semi-structured questionnaire or sent somewhat more structured versions of the same questionnaire electronically. Sample questionnaires are included as Appendix 6. The choice for face-to-face interviewing was made primarily on the costs of the measures, but was also influenced by the number of measures for which each individual was responsible in order to assess synergy between measures. A list of contacts is given as Appendix 7.

Scheme managers were requested to score four aspects of their scheme's performance:

- **Own-measure performance.** Scores were requested for the various stages of the ROAME(F) process and (in face-to-face interviews) agreed between the

evaluation team and the scheme manager. A scoring range of 1 to 5 was used (1 = unsatisfactory, 2 = poor, 3 = satisfactory, 4 = good, 5 = excellent). The score for the Evaluation element was in two parts; the first reflected the evaluation process itself (if a formal evaluation had taken place this would score highly) and the second recorded the performance of the measure in relation to the measure's own objectives.

- **Expected impact on APFF objectives.** Scoring was requested in relation to each of the five original objectives. The range was -2 to +2 (-2 = strong negative impact, -1 = weak negative impact, 0 = neutral, +1 = weak positive impact, +2 = strong positive impact). Scoring for the first APFF objective was sub-divided into the two elements implied in its wording, that is, a) the provision of (short-term) financial relief for the hardest-hit sectors and b) easing the process of change that farmers must face (in the longer-term).
- **Synergy with other measures.** Managers of measures were requested to score the synergy between each of the other measures and their own measure, and between their measure and each of the other measures. Synergy is where several interventions together produce an impact which is greater than the sum of the impacts they would produce alone (MEANS collection Vol 6 p 89). Synergy can arise in various ways (See Box 27 of the MEANS collection, Volume 4, p 75), but in the present context the two most likely sources are the 'freeing up' effect (where the implementation of a project removes a constraint weighing on another project) and the 'impulsion' effect (where the implementation of one project stimulates that of another project). Negative synergy is also possible. A scoring scale of -2 to +2 was used (-2 = strong negative synergy; -1 = weak negative synergy; 0 = neutral; +1 = weak positive synergy; +2 = strong positive synergy). It should be noted that synergies between any two measures need not be symmetrical, so the scoring system allowed for different strengths in the two directions.
- **Synergy with other (non-measure) Action Points.** Managers were requested to score any synergies with each of the non-measures, using the same range and key as for the measure cross-impacts (-2 to +2), and again with the possibility of asymmetry. This section of the questionnaire did not prompt for each possible interaction between the particular measure and each non-measure actions (unlike the cross-matrix for measures), but left the selection of relationships to the manager, although a complete list of non-measures was provided separately. It was felt that this was more likely to throw up synergistic relationships that were of significance.

In face-to-face discussion the evaluation team representatives acted as moderators. In many instances managers currently responsible for a measure were not in this post

when the APfF was designed and initially implemented. This limited their ability to respond to all sections of the questionnaire.

Key stakeholders were interviewed face-to-face (FSA, NFU, CLA) using a semi-structured questionnaire and others were contacted electronically with a more structured questionnaire (see Appendices 6 and 7). The information gathered related to the perceptions of the stakeholder in three broad areas:

- 1) the drivers behind the APfF at the time, its aims, and the role the stakeholder played in setting it up;
- 2) the balance of the various components in the APfF; and,
- 3) the performance of the APfF in relation to its stated objectives, with room to comment on the non-stated objectives and the extent to which they were achieved.

3.4. Synthesising the collected information

The information collected for the performance of each measure in relation to its own objectives uses a consistent system that breaks down performance according to the ROAME(F) stages and applies a common scoring scale. Where formal evaluations have been undertaken, these are fed into the assessment of performance. The measure-by-measure approach enables an overview to be constructed, in a tabular form, of the performances of the complete range of measures. To obtain a composite score for the APfF as a whole it would be possible to apply a weighting system, for example based on expenditure levels, though the qualitative nature of the scoring system should not be forgotten. A more beneficial use of this matrix is to identify parts of the APfF where performance has been particularly strong or weak, for which purpose it may be sufficient to group measures according to the brigades referred to above. This more qualitative approach is adopted here.

The assessment of the managers of the measures of how their schemes relate to the objectives of the APfF can also be built into a 'logical diagram of expected impacts', which can (as used here) also be displayed as a table, showing the intensity with which each measure impacts on each objective. These same objectives can also be approached via the scores given by the stakeholders. From the two approaches an assessment can be built up of the extent to which, in the judgement of staff in a good position to make such a judgement, the objectives have been approached and achieved by the measures used. Again, while formal weighting might be possible (both of measures and of objective) to give an overall picture for the APfF as a whole, the qualitative nature of the performance scores and the difficulty of weighting the various objectives, suggests this should not be taken too far. It is probably more helpful to identify those objectives where the impacts of

the measures have been particularly strong and particularly weak, and to draw attention to the measures that are noticeably effective and ineffective for each objective. This is the approach favoured in our analysis (see Chapter 4).

The synergy between measures, collected on an individual measure basis, can be brought together as a Matrix of Cross Impacts that shows the strength of synergies in both directions, thereby gauging the extent to which the APfF can be regarded as a programme rather than a collection of un-connected actions. Later it will be demonstrated that such synergies are not frequent among APfF measures and, where found, are generally not strong. Attention will thus be focused on where they are to be found rather than on their level of contribution to the overall performance of the APfF (see Chapter 5).

Similarly, the matrix that includes the other non-measures can reveal the extent to which they underline and support the measures. Again, while the general incidence of such interactions is interesting, their frequency does not justify detailed analysis (see Chapter 6).

The overall meta-evaluation, presented in Chapter 7, takes into account each of the above sets of information.

4. Analysis of the performance of individual measures in relation to their own objectives

In line with the methodology set out in detail in the previous Chapter, the first stage of the evaluation concentrated on the 26 individual measures identified among the Action Points, assessing their performance against their own objectives. This is based on an analysis of the results of face-to-face interviews with senior administrators and with managers responsible for individual schemes (using a semi-structured questionnaire). Managers not interviewed personally were requested to respond to electronic versions of this questionnaire (see Appendix 6). These results were taken together with a review by the evaluation team of the paperwork and literature associated with individual schemes (background documentation provided by Defra, evaluation reports where available, relevant literature). A summary of the results of the assessment of the individual measures assessed in this manner is presented in Table 4.1 below.

The scores in the table reflect a disaggregated approach in which the various stages in conventional policy assessment were considered separately. Scores were requested for each measure for the various stages of the ROAME(F) process and (in face-to-face interviews) agreed between the evaluation team and the scheme manager. The score for the evaluation element was in two parts: the first reflected the evaluation process itself (if a formal evaluation had taken place this would score highly); and the second recorded the performance of the measure in relation to the measure's own objectives.

As noted above, staff changes since the APfF was in effective operation (early 2000 to early 2001) has meant that managers presently responsible for some measures did not feel themselves capable of providing a complete range of scores for each aspect of scheme performance (though many did). Most gaps occurred among scores for evaluation quality, the explanation being that no such exercise had been carried out. While staff turnover may have enhanced objectivity it may also have lost intimacy with background and detail, though the actual respondents remained the most accessible authoritative source of measure-specific information. Staff change also led to delayed responses to our questions about some measures and to the need for us to persist with reminders and other follow-ups¹⁰.

Eventually responses were received from Defra staff in relation to all 26 measures, though some (especially those received late) were more in the nature of comments rather than completed questionnaires and a few consisted of telephone

¹⁰ The latest response incorporated into this report was received on December 18, 2003.

conversations. In such circumstances the evaluation team had to interpret and score accordingly; these are indicated by scores in blue italics.

Table 4.4.1: Own-Performance scores for individual measures in the APfF.

(Scoring system: 1 = unsatisfactory, 2 = poor, 3 = satisfactory, 4 = good, 5 = excellent)

Measure (Action Point number)		Rationale	Objectives	Appraisal	Monitoring	Monitoring	Evaluation	Evaluation	Feedback
					Financial	Quality	Conducted	Quality	
Over-arching issues									
18	Rural stress alleviation	4	4	2	4	4	5	4	4
50	Challenge funding for business improvement	4	4	2 to 3	4 to 5	4 to 5	4 to 5	n/a	5
53	Tailored business advice	3	4	n/a	3 to 4	2	5	3	5
55	Electronic portal for farming	3	2	1	n/a	n/a	n/a	n/a	n/a
61	Knowledge transfer initiatives	2 to 3	4	2	4	4	4 to 5	3	4
Improving farm incomes and performance									
2	Pig Industry Restructuring Scheme	3 to 4	4 to 5	2	5	5	5	3	3 to 4
3	Agrimonetary aid to dairy farmers	5	3 to 4	3	4	4	1	n/a	2
4	Agrimonetary aid to beef farmers	5	3 to 4	3	4	4	1	n/a	3
5	Agrimonetary aid to sheep farmers	5	3 to 4	3	4	4	1	n/a	3
6	Remove charges for dairy hygiene inspections	5	5	4	4	4	n/a	n/a	n/a
7	Increased support for hill farmers	4	4	n/a		3	n/a	n/a	n/a
8	Increase max. weight for animals OTMS	5	5	2	4	4	n/a	n/a	n/a
15	Increase RDA's RBG programme	4	4	1	n/a	n/a	n/a	n/a	n/a
21	Lower IPPC costs to farmers	5	3 to 4	3	4	4	1	n/a	2
24	Increase grant/limits under Farm Waste Grant	3	3	2	n/a	n/a	n/a	n/a	n/a
33	Ram genotyping (reducing scrapie in sheep)	5	5	3	4	4	5	n/a	n/a
Rural development									
11	Free consultancy on planning for farm diversification	2	4	3	3	1	1	n/a	4
19	European Centre for organic fruit and nursery stock	3	3	n/a	n/a	n/a	n/a	n/a	n/a
29	IACS field margin treatment (change)	4	4	n/a	n/a	n/a	n/a	n/a	n/a
58	Kington pilot project to promote rural use of IT	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3
60	Training – LANTRA needs assessment and promotion		4	n/a	n/a	n/a	n/a	3	3
Improved marketing of UK produce									
51	Building Business Advantage initiative (joint with NFU)	3	3	3	n/a	n/a	n/a	n/a	n/a
Minimising costs and bureaucratic burdens									

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20	Delay IPPC for existing pig and poultry installations	<i>5</i>	<i>5</i>	<i>4</i>	<i>4</i>	<i>4</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
27	Change to charges under the Groundwater Reg.	<i>5</i>	<i>5</i>	<i>1</i>	n/a	n/a	n/a	n/a	n/a
35	Restrict meat inspection charges (slaughterhouses)	5	5	3	5	5	2	5	n/a
37	Change inspection regulations (slaughterhouses)	3	3	2	3	3	?	2	

n/a = No response received / not applicable. Scores in italic indicate interpretations by the evaluation team of evidence from managers

Additional notes

Over-arching issues	
18 Rural stress alleviation	Pilot evaluation considered scheme highly beneficial. Expanded during FMD outbreak.
50 Challenge funding for business improvement	Agricultural Development Scheme funding used for crises. Priority use was red meat sector.
53 Tailored business advice	£6.5 million came in year one from the APFF. Scheme inflexible, not really clear what benefit accrues to farmers. Ltd. follow through.
55 Electronic portal for farming	Over-ambitious scheme beyond delivery capacity, project not developed beyond initial stage.
Improving farm incomes and performance	
2 Pig Industry Restructuring Scheme	Innovative scheme introducing new 'strategic' approach. Evaluation difficult because confounding factors (disease, etc.) have meant sow reduction target of 16% has been overachieved at 30%.
3 Agrimonetary aid to dairy farmers	Channel Islands producers not happy with non-differentiated payments.
7 Increased support for hill farmers	Transitional measure until ERDP kicked in.
8 Increase max. weight for animals OTMS	Cost £20 million/year. Following FSA review compensation now reduced 20% costing £45 million less. Likely to be fully phased out.
15 Increase RDA's RBG programme	Extension of existing scheme. Little monitoring evaluation/feedback on scheme.
24 Increase grant/limits under Farm Waste Grant	Very low uptake £250,000 against budget of 3.8 million/year. Runs to 2006.
29 IACS field margin treatment	Successfully negotiated continuation of field margin treatment for IACS in Brussels.
33 Ram genotyping (reducing scrapie in sheep)	Ram genotyping scheme used as basis for National Scrapie Plan. 70,000 farmers. Cost estimated at £120 million over 3 years ¹¹ .
Rural development	
11 Free consultancy on planning for farm diversification	Poorly conceived scheme with ltd. direct benefit to farmers.

¹¹ A fuller evaluation of the Rural Stress Action Plan was commissioned in December 2003 (from the Defra/ODPM/DFT In-House Policy Consultancy).

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19 European Centre for organic fruit and nursery stock	Too early to evaluate performance as only established 1 year ago.
27 Change to charges under Groundwater regulation	Reduction in charges costing £4.7 million over 4 years.
29 IACS field margin treatment (change)	Agreement to continuation of existing rule interpretation agreed with Brussels.
58 Kington pilot project to promote rural use of IT	Lessons learned on the use of e-forms are being fed into the RPA's Change Programme.
60 Training – LANTRA needs assessment and promotion. One off skills check	Useful in that it provided input into training needs at that time.
Improved marketing of UK produce	
51 Building Business Advantage	Series of open days organised but came to an end with FMD.

Minimising costs and bureaucratic burdens	
20 Delay IPPC for existing pig and poultry installations	Interpretation based on interview comments. All short term measures for temporary relief.
27 Change to charges under the Groundwater Reg.	Measure targeted at sheep farmers. Cost £4.7 million over 4 years. Renewed for further year to 31/3/2004 to allow consideration of impact.
35 Restrict meat inspection charges (slaughterhouses)	Part of Pooley recommendations. Targeted at abattoirs costs Achieved what it was meant to.

4.1. Rationale

As has been outlined in Chapter 2, the primary underlying objectives of the APFF were to address the economic crisis facing agriculture in early 2000 and to tackle a number of other issues, the most pressing of which was to alleviate the perceived cost burden of new regulation. In line with these aims, the need for the Action Point (rationale, including clarity of intended beneficiaries) for most of the measures specifically addressing these issues was seen as strong by the majority of those (now) responsible for them. Thus, the majority of measures aiming to improve farm income and performance (Action Points 2-8, 15, 18, 21, 24, 33) as well as those aiming to minimise costs and bureaucratic burdens (APs 20, 24, 35, 37) were rated highly (scoring good to excellent) in terms of rationale. Our respondents considered they were well justified by the economic circumstances at the time. This is borne out by the analysis of the economic context in Chapter 2 as well as by the comments received from organisations representing the sector (NFU, CLA, Tenant Farmers' Association).

For other measures which were less directly focused on these core objectives, the rationale on which each was based appeared less clear-cut to some of our respondents. Thus, for example, while it was recognised that it was desirable to achieve greater farm diversification, the provision of free consultancy on the planning process (AP11) as a means of achieving this was regarded as having a doubtful rationale, in that farmers were not in fact found to be particularly disadvantaged through a lack of knowledge concerning these processes (although there was an industry perception of disadvantage). Therefore the (indirect) benefit of such advice was likely to be limited. Similarly, while it was generally felt that there was inadequate knowledge transfer from Research and Development into farming practice, we were told that the top-down approach to this issue adopted under the Knowledge Transfer Initiatives (AP61) was not necessarily well founded.

4.2. Objectives

For the majority of Action Points reviewed, the objectives were regarded as being clearly defined, targeted and testable, though for some they were implied rather than clearly documented. Thus most respondents rated the objectives of the Action Point measures as 'good' to 'excellent'. While in all cases the objectives were rated as at least being satisfactorily defined and targeted, it was noted that there had been some questioning of the objective of agri-monetary compensation. We have been told that this measure, while clearly providing short-term relief to sectors in crisis, also had the objective of protecting the longer-term competitiveness of the UK industry. There may be some doubt as to whether it achieved this latter aim. As already mentioned in Chapter 2, the argument used was that, due to the temporary

overvaluation of Sterling, businesses which were otherwise viable in a competitive environment under more normal exchange rates were being forced to close, thus in the longer-term disadvantaging 'UK plc' relative to competitors in France, Ireland and Germany. The question one must ask here is whether the agri-monetary compensation made any difference to the aggregate competitive position of the sector, or whether indeed the sector would have become more competitive had more restructuring been forced to take place.

It must be remembered that the assessment of objectives (and the rationale on which they are based) in this section of the evaluation is bounded, that is, it looks at each measure as an entity and judges the objectives in this context rather than as a component of the APfF. Thus the relatively high scores for rationale and objectives attributed to the measures targeted at industry downstream from agriculture (e.g. abattoirs AP37) are based on what the Action Points do for this sector of the food industry. Given that this was an Action Plan labelled as being for farming, some doubt was expressed by managers and stakeholders that measures could be seen as addressing farming needs and, if this was the intention, whether such measures were adequately targeted in terms of scale of downstream enterprise being supported. The relationships between the measures and the broader objectives of the APfF are considered later (Chapter 5).

4.3. *Ex-ante* appraisal

In response to the questions of whether there was a formal *ex-ante* appraisal, whether alternative ways of achieving the same objective were considered, whether costs/number of beneficiaries were clearly identified and monitoring and evaluation indicators were established, the majority of respondents indicated that in these respects the preparation of individual measures was in the lower half of the performance range (i.e. ratings from 'unsatisfactory' to 'poor' to 'satisfactory').

We have been told that this lack of formal *ex-ante* appraisal was largely due to the extraordinary time pressure under which the APfF was put together. Respondents simply felt this process did not allow for the normal detailed consideration and discussion of the different ways and means of achieving particular objectives, of delivery mechanisms and likely uptake/costs. In many instances it was felt that the process was driven from the top down. This meant that, while the measures adopted clearly addressed concerns that had been raised by stakeholders (such as increasing maximum weights under the OTMS scheme), or issues in the farming sector deemed to be of importance within MAFF (such as use of IT), lack of time precluded a fully adequate *ex-ante* appraisal of the actions.

Lack of detailed appraisal within the APfF was mitigated by the fact that some measures were incorporated that had already been recommended (e.g. restriction of meat inspection charges AP35 had been recommended by the Pooley Report; recommendation on scrapie control in sheep (AP33) which had been made by the sheep sub-group of the Spongiform Encephalopathy Advisory Committee (SEAC)), or had been started earlier (AP58 Kington pilot project on IT; and AP51 Building Business Advantage). However, these were included within the APfF, we were told, as a result of a perceived presentational 'need' to be seen to be taking action on as broad a scale as possible.

Perhaps more worryingly, we have also been told that, in some instances, the lack of *ex-ante* appraisal meant that inadequate consideration was given to delivery (AP2 on restructuring the pig industry, where in England the paperwork for payment was handled in the policy branch rather than the RPA), or likely output quality (AP11 on farm diversification planning advice). Indeed in the case of the electronic portal from farming (AP55) it became clear very shortly after inception that the idea was 'too ambitious' and beyond the delivery capacity of the Department.

4.4. Monitoring

The monitoring of individual measures was investigated by asking what monitoring mechanisms were in place, what implementation targets were set, how these were to be assessed and what were the final costs of each measure. These questions were raised both in terms of the financial arrangements for each measure and in terms of monitoring the quality of the scheme output.

For the most part both the financial and quality monitoring arrangements were considered 'good' by Defra respondents. The most significant exceptions to this general picture were the schemes to provide tailored business advice (AP53) and the scheme providing free planning related advice (AP11) for which it was felt that there was no adequate means of measuring the quality of the advice being provided by advisors.

4.5. Evaluation

Many of the measures being considered here consisted of one-off actions such as making a single payment (e.g. APs 3, 4 and 5 – the agri-monetary measures) or amending a charge (e.g. AP27 charge to sheep farmers relating to groundwater). As such they may not have been considered as amenable to evaluation as a programme of actions running over a number of years might be. Largely because of this, until now (and because some measures are still running or in the process of being assessed) only four of the measures have been subject to a formal external *ex-post* evaluation. These were the Agricultural Development Scheme (AP50), the Pig

Industry Restructuring Scheme (AP2), the Farm Business Advice Scheme (AP53) and the Knowledge Transfer Scheme (AP61). Brief overviews of the formal evaluations are given in Boxes 4.1 to 4.4 at the end of this chapter. Fuller summaries of the results of these evaluations are presented in Appendix 5.

Looking briefly at the key results for each of these external evaluations the conclusions were as follows:

- **Agricultural Development Scheme.** The evaluators considered the scheme to be effective, to have provided additionality and that the amount of deadweight was limited. Overall they indicated that the scheme was considered to be successful.
- **Pig Industry Restructuring Scheme.** While addressing a number of the objectives of the APfF, in part for reasons beyond the control of those involved in the original design of the scheme, the scheme cannot be considered to have been completely successful.
- **Knowledge Transfer Scheme.** The KT project was viewed as being only moderately successful in meeting the objectives set for it and in particular it was noted that the penetration of the farming community by these mainly conventional knowledge transfer activities was generally moderate or disappointing. The attempt to brand knowledge transfer as a campaign was not really successful.
- **Farm Business Advice Scheme.** Overall the scheme can be considered to have been moderately successful in terms of meeting the objectives set for it. Both the evaluator and those responsible for the scheme noted that there were concerns about the quality of the advice being provided and concluded that this was an area in need of attention.

4.6. Feedback

As part of the APfF evaluation process respondents were asked to indicate what lessons were learned from any evaluation which might have taken place, how the performance of the measure could have been improved and what evidence there was of the existence of benefit to further rounds of policy design.

The evidence on this point is mixed. For a substantial number of measures that consisted of a one-off action which was unlikely to be repeated it is reasonable to assume that feedback would in any case be limited or inappropriate (APs 6, 7, 18, 35, 37, 55). For other actions the feedback was generally positive and it would appear from our respondents' statements that some key lessons were picked up as a result of the application of these measures. These included the following:

- that in future schemes requiring EU state-aid approval, this needed to be sought earlier in the process. Greater *ex-ante* clarity of what is possible under state-aid rules is needed (AP2, PIRS);
- that the top-down approach to knowledge transfer in the sector needed reconsidering. A more innovative participatory and possibly regionally based approach to programme design was needed (AP61, Knowledge Transfer); and,
- that consideration be given to greater targeting of beneficiaries (AP3, dairy agrimonetary compensation).

More generally in this context, a widespread comment was that the measures would have benefited or would have been amended, if the opportunity had existed for fuller *ex-ante* appraisal. Finally, it was noted that some of the measures were overtaken by events – most notably the Foot and Mouth Disease outbreak which began less than a year after the APfF was initiated.

4.7. Summary

Reviewing the performance of the individual measures against the objectives set for them indicates that, for the most part, the rationale for the measures was sound and the beneficiaries clearly identified. This having been said, it is evident that the speed with which the APfF was drawn up precluded more detailed *ex-ante* appraisal. On the basis of the interviews with scheme managers and senior officials in particular this meant that some of the measures designed to address more than a short-term income raising/cost reduction need were not regarded as providing the best medium to long-term ways to achieve their objectives. The perception of scheme managers was that this was in part a result of the fact that the drawing up of the APfF was largely a ‘top-down’ driven process. The inclusion of particular measures was mainly driven by external factors (such as the strongly held views of the farming sector) rather than generated as a result of a fully thought-through internal and external consultation and a careful design process. The fact that out of four external evaluations, three concluded, for a variety of reasons, that the measures were not fully successful, tends to support this view.

Box 4.1: Agricultural Development Scheme

A beneficiary survey attributed the following impacts to the scheme:

- improved volumes or values for produce leaving primary producers (39%);
- higher values for farmers and growers for their produce (52% of respondents);
- existing markets of farmers and growers secured (36%);
- scheme enabled the business to grow (60%);
- helped develop new markets (57%);
- sustainable employment creation (case study); and,
- expansion of trade associations which provide information to producers entering new marketing

channels (case study).

The evaluators considered the scheme to be effective, to provide additionality and that the amount of deadweight was limited. Overall they indicated that the scheme was considered to be successful.

Box 4.2: Pig Industry Restructuring Scheme

The Pig Industry Restructuring Scheme (PIRS) consisted of two principal components. These were:

1. The *Ongoers* scheme aimed at restoring the industry's sustainability by providing an incentive for investment in pig facilities (through an interest rate rebate) on the basis of bank-approved business plans.
2. The *Outgoers* scheme aimed to facilitate structural change and thereby rationalise the industry by providing an incentive to farmers to leave the pig sector for a minimum period of 10 years.

Beneficiaries of the *Ongoers* scheme replied to the evaluation survey indicating the following areas of investment under the scheme:

- capital investments for welfare purposes;
- genetic improvements;
- reduced staff numbers;
- participation in Assured British Pigs;
- changed market outlet; and,
- use of different breeds after acceptance

Due to events which have occurred after the introduction of the *Outgoers* scheme (new disease outbreaks in particular) the target reduction in sow places of 16% over three years has more than been achieved (with an estimated 30% reduction by end 2003). It is, however, not clear what proportion of the target achievement was due to PIRS.

More generally, the evaluators expressed the view that in terms of effectiveness the *Ongoers* scheme was cost-effective for small producers but not necessarily large ones due to the requirement that large producers needed to decommission 16% of breeding capacity (under EU state-aid rules). The participation of value added producers was therefore potentially reduced.

For PIRS *Outgoers* the evaluation noted that a large proportion of the budget was paid to producers who had already left the industry and who would probably not have re-entered it. This appeared to indicate a significant deadweight element to the scheme and meant that it was not a fully cost effective mechanism by which to facilitate industry consolidation. In sum, while addressing a number of the objectives of the APF, in part for reasons beyond the control of those involved in the original design of the scheme, the scheme cannot be considered to have been viewed as completely successful.

Box 4.3: Knowledge Transfer Projects

The three sectoral components of the Knowledge Transfer Projects focused on livestock, horticulture and the arable sector and were evaluated as follows:

The project, 'Livestock KT', employed a strategy that focused on preparation and distribution of 'Fact Sheets' addressing key technical issues in each of the sub-sectors. The evaluation's overall conclusion was that the Livestock KT project's approach to the identification of farmer's key technical problems and their solution was reasonably strategic and thorough. The fact sheets provided advice in an appropriate form for small and less efficient businesses, however, more emphasis should have been given to using additional means of disseminating information. The project was not successful at reaching the end users, and not sufficiently effective in reaching intermediate users. It was noted that there are inherent factors in the livestock sector, which constrain access to technical information, particularly within the short life span of this KT project.

For the horticulture sector the evaluation found that 'Hortips' (as the project branded itself) worked very well, fulfilling its contractual obligations. Products developed were generally of a high technical standard, and (compared with the other two KT projects) reached a reasonable proportion of end and intermediate users. However, insufficient attention was given to client characterisation and establishment of consultation mechanisms at the start of the project. This affected the targeting of products and response to problems arising during the project.

For the arable sector 'Agriknowledge' (as the project was branded) set out to establish the immediate technical problems facing the arable industry in different regions in England and Wales and prioritise these in order to identify and disseminate technical benchmarks for the major arable crops and the key knowledge transfer areas. Dissemination of benchmarks to arable farmers was through the trade press, a web-site, a CD, a booklet and regional road shows. Planned outputs were delivered on schedule, with broad participation in priority settings, effective use of a wide range of technical sources and clear identification of the priority issues facing arable farmers. Technical products were judged to be of good quality and pitched at a level appropriate to the target audience. Established communication channels such as the farming press were used effectively. Due to weaknesses in marketing, the level of awareness of Agriknowledge and its products was, however, very low (4%) in the arable farming population at large, but significantly higher (50%) among intermediate users.

In summary, the KT project was viewed as being only moderately successful in meeting the objectives set for it and in particular it was noted that the penetration of the farming community by these mainly conventional knowledge transfer activities was generally moderate or disappointing. The attempt to brand knowledge transfer as a campaign was not really successful.

Box 4.4: Farm Business Advice Scheme

The evaluation of this scheme took the view that the scheme provided value for money since it was generally perceived as satisfactory by participants. It was, however, noted by the evaluators that 40% of all respondents claimed that they would have followed the same course of action in the absence of FBAS suggesting considerable deadweight. FBAS is considered to have been relatively effective at reaching those who have not purchased farm business support in the past. There is, however, some evidence that the service is being delivered to at least some farms that would have paid for the advice perhaps thereby undermining some of the rationale for the scheme.

Both the evaluator and those responsible for the scheme noted that there were concerns about the quality of the advice being provided and concluded this was an area in need of attention.

Overall the scheme can be considered to have been moderately successful in terms of meeting the objectives set for it.

5. Analysis of performance of measures in relation to APfF objectives

This chapter is designed to evaluate the performance of individual measures in relation to the overall objectives of the APfF. As will be recalled from Chapter 2 above, these were set out in APfF documentation in 2000 as follows:

- to provide financial relief for the hardest-hit sectors and help ease the process of change that they must face;
- facilitate the implementation of the England Rural Development Plan;
- provide better regulation bearing in mind the need to meet environment and consumer safety objectives and safeguard the interest of the taxpayer;
- ensure that Government, farmers and the food industry work together to find ways to improve profitability in the industry;
- campaign for reform to the CAP to make it more market-oriented and less complex.

These objectives are not entirely coherent and cohesive, nor are they the only aims the APfF was intended to serve. As has been reported in previous chapters, the political goal of being seen as responding to the financial crisis was an important element in the genesis of the APfF, mixed with the other rather different message that agriculture should in future not look to government as its main way out of economic trouble. Self-help and restructuring was to be the way forward. There may have also been institutional/organisational issues in the minds of the designers of the APfF; we have been told, although could not confirm, that some scheme managers used the APfF as a way of raising the profile of their particular measures.

Among the stated objectives, in particular, the first objective combines two quite distinct elements that, in some circumstances, could be in conflict. Thus for the purpose of examining the performance of measures in relation to APfF objectives, we have separated them; the first is the provision of relief, by its nature a short-term aim, and the second is to ease the process of change, a longer-term aim.

The base data for this analysis is derived from scheme managers (by interview and/or postal questionnaire) augmented with information taken from senior administrators (interviews), from other stakeholders (interviews and postal questionnaires), and from records of Industry Forum meetings. The results based on the assessments by scheme managers are presented in Table 5.5.1. Where managers did not formally score their measure in relation to the APfF objectives, but provided other evidence (written or verbal comments), the figures represent the interpretation of the evaluation team;

such cases are shown in italics. In a few cases the managers have indicated a score of zero; in others a blank was left, which may also be assumed to reflect the absence of any relationship between the measure and that particular objective.

As will become apparent, Defra administrators identified a number of measures within the APfF that, in their view, had a strong positive impact on the first objective (short-term or longer-term elements). However, they were far less clear about their measure's relationship with the four other APfF objectives. Generally, they could see no relationship (positive or negative) with any of these four or, if one existed, it was only weak.

Table 5.5.1: Relationship between APfF measures and APfF objectives

Scoring: -2 = strong negative impact, -1 = weak negative impact, 0 = neutral, +1 = weak positive impact, +2 = strong positive impact.

	1a To provide financial relief for the hardest-hit sectors	1b To help ease the process of change that these sectors must face	2 Facilitate the implementation of the England RDP.	3 Provide better regulation	4 Ensure that Government, farmers and the food industry work together to find ways to improve profitability in the industry.	5 Campaign for reform to the CAP to make it more market-oriented and less complex.
Over-arching issues						
18 Rural stress alleviation		1				
50 Challenge funding for business improvement	1	0	1		1	
53 Tailored business advice	1	1			1	
55 Electronic portal for farming		1				
61 Knowledge transfer initiatives	0	2			1	
Improving farm incomes and performance						
2 Pig Industry Restructuring Scheme	2	2	0	0	0	0
3 Agri-monetary aid to dairy farmers	2	-1				-1
4 Agri-monetary aid to beef farmers	2	-1				
5 Agri-monetary aid to sheep farmers	2	-1				
6 Remove charges for dairy hygiene inspections	1	-1				
7 Increased support for hill farmers	2	-2	2	-2	0	
8 Increase max. weight for animals OTMS	2	-1				
15 Increase RDA's RBG programme						
21 Lower IPPC costs to farmers	1	1		1	1	
24 Increase grant/limits under Farm Waste Grant	1	1			1	
33 Ram genotyping (reducing scrapie in sheep)	0	0	0	2	1	0
Rural development						
11 Free consultancy on planning for farm diversification			1	1		
19 European Centre for organic fruit and nursery stock		2	1			
29 IACS field margin treatment (change)						
58 Kington pilot project to promote rural use of IT	0	0	0	0	0	0
60 Training – LANTRA needs assessment and promotion	0	1	1		1	
Improved marketing of UK produce						
51 Building Business Advantage initiative (joint with NFU)					1	
Minimising costs and bureaucratic burdens						
20 Delay IPPC for existing pig and poultry installations	1	1		1	1	
27 Change to charges under the Groundwater Reg.	1	1	1	-2		

Note: scores in italic indicate interpretations by the evaluation team of evidence from managers.

5.1. Providing financial relief to hardest hit sectors - Objective 1(a)

As described earlier, measures were grouped (brigaded) according to their main purpose, of which one comprised those aimed at improving farm incomes and performance. As might be expected, the pattern of success at achieving each of the APfF aims rather depended on which group the measure fell in.

In general, measures directed at addressing the key short-term issue of providing financial relief to an industry recognisably in distress scored highly in the views of Defra staff (at the upper end of our indicative scale). This applied in particular to the agri-monetary measures (AP3-5) that totalled some £66 million, though this involves some extrapolation by the evaluation team. Other measures such as the PIRS (AP2), worth £26 million, the removal of charges for dairy hygiene inspections (AP6) worth £1 million, increased support for hill farmers (AP7) worth £50 million and the increase in the weight limit under the Over Thirty Month Scheme (OTMS) (AP8) worth £20 million in the first year, the £4.7 million over 4 years of groundwater charges not levied under AP27, clearly also addressed the immediate financial crisis.

Early documentation on plans to evaluate the APfF shows that HM Treasury was particularly concerned that the impact of agri-monetary compensation on incomes be assessed. Calculations were made by MAFF/Defra of the economic impact of the three agri-monetary measures (AP3-5) in England and Wales, based on the Farm Business Survey. This has been made available to the meta-evaluation team and is reproduced in Appendix 8 of this report. This shows that, for the 2000/01 farm business accounting year, during which the bulk of the £66 million agri-monetary compensation payments were made, on average across all farm types they were equivalent in magnitude to 4.8% of Net Farm Income (NFI) in England and 17.2% in Wales. Of course, this does not necessarily mean that incomes would have been lower by these proportions had the compensation not been paid, as other adjustments may have been made by farm operators to both outputs and costs. Nevertheless, the relatively short time periods under consideration imply that these adjustments may have been constrained, so that the relative size of the compensation payments may be an acceptable proxy for income effects, particularly when comparing their impacts between farm sizes and (probably) types.

As would be expected, the weight of compensation becomes much more significant when looking at its size relative to NFI by sector, country and farm size. Thus in England the support was clearly significant on LFA cattle and sheep holdings where on average the payment amounted to 17.0% of NFI and up to 42.7% on small farms in this category (Table 5.5.2). An even more marked effect can be seen on medium sized lowland cattle and sheep farms in England where the total agri-

monetary compensation average amount of £962 exceeded the average NFI of £936.

Table 5.5.2: Agri-monetary compensation as percentage of NFI, 2000/01, by farm type and farm size, England

	Farm size			
	Small	Medium	Large	All
All farm types	13.1%	6.1%	3.1%	4.8%
Dairy	21.2%	8.6%	6.0%	7.0%
LFA cattle and sheep	42.7%	12.2%	*	17.0%
Lowland cattle and sheep	N/A	102.7%	12.8%	N/A

Source: Farm Business Survey.

Notes:

'*' indicates that an insufficient number of farms of this category are available in the sample to provide reliable results.

'All Farm Types' also includes Cereals, General Cropping, Horticulture and Pig & Poultry farms which are not shown separately here.

As is shown in Table 5.5.3 the relative importance of the payments was even higher in Wales where they accounted for an average of 29.6% of NFI for LFA cattle and sheep and 80.2% for lowland cattle and sheep holdings.

Table 5.5.3: Agri-monetary compensation as percentage of NFI, 2000/01, by farm type and farm size, Wales

	Farm size			
	Small	Medium	Large	All
All farm types	68.8%	9.4%	10.3%	17.2%
Dairy	*	5.9%	6.8%	6.4%
LFA cattle and sheep	60.8%	19.8%	*	29.6%
Lowland cattle and sheep	N/A	*	*	80.2%

Source: Farm Business Survey.

Notes:

'*' indicates that an insufficient number of farms of this category are available in the sample to provide reliable results.

'All Farm Types' includes Cereals, General Cropping, Horticulture and Pigs & Poultry farms which are not shown separately.

Given that the financial crisis, if unrelieved, would have been expected to force the exit of some farmers, a reasonable indicator of success of the agri-monetary compensation would be the extent to which exits had been prevented. HM Treasury was, apparently, particularly interested in this issue. Such a calculation is necessarily problematic as the decision of farm businesses to exit or remain in the sector will depend upon a number of factors and not simply on income from farming in a single year. However, calculating income levels with and without this compensation

indicates those businesses where the compensation is likely to have provided the greatest measure of short-term relief. A separate analysis (see also Appendix 8) indicates that in England and Wales as a whole the payments prevented just under 1,500 farms from entering into a position where their NFI would have been negative. This represents a total of 1.7% of all farms in England and Wales (1.3% in England and 1.7% in Wales). In this analysis data are given for farms deemed to be 'full time' units (defined as farms over 8 Economic Size Units). This does not necessarily mean that the farm is actually the full-time activity of its operators or that there is no other source of income.

We took the view that it is extremely difficult to estimate the number of businesses whose exit had been prevented, for the following reasons:

- there would have been adjustment at farm level, the point made above;
- NFI is not a reliable indicator of actual residual cash income at the farm level;
- a negative NFI in one year is not necessarily an effective trigger of exit. Circumstances of individual farms would differ greatly in terms of persistence of low incomes, tenure, opportunity costs of resources, etc.. In some cases exit might be triggered at quite small negative NFIs, whereas others might be able to survive a series of quite large negative NFIs; and,
- no account is taken of income from non-farm sources (and non-farm wealth) that is key to explaining the continued existence of many farms, particularly smaller ones.

Nevertheless, the analysis does serve to show where the impacts of agri-monetary compensation were greatest relative to income by type and size of farm, etc. and, hence, provide some indication of where it afforded the greatest degree of short-term relief to farm businesses.

5.2. Easing the process of change for the key sectors – Objective 1(b)

In terms of helping to ease the process of change facing the key sectors addressed by the APfF, the general view is that, if anything, the key measures providing financial support (APs 3-8) would have had a weakly negative impact on this process since the payments would have tended to slow down the pace of restructuring. Consequently they would have inhibited the improvement in competitiveness required for the sectors. This is illustrated by the fact that in both England and Wales the great majority of farms which were prevented from moving into loss-making situations (taken as negative NFI) were small and medium-sized and arguably these would have left the sector sooner had these payments not been available. The general literature on the link between farm size and performance points to the efficiency of factor use being lowest among the smallest farms, the lack of an ability

to spread the (imputed) cost of this labour over a sufficiently large output being the prime reason for their apparent poor showing. However, this size-performance relationship is heavily dependent on the value imputed to the labour of the farmer and spouse; taking opportunity costs (where the farmer has little prospect of alternative occupation) can produce rather different results.

Conversely, measures specifically focused on restructuring (such as PIRS) or meeting new market demands such as that for organic food being served by the European Centre for organic fruit and nursery stock (AP19) clearly address this objective, and scored highly. This was also the situation with the subsidiary measure of knowledge transfer initiatives (AP61) (where the scheme manager felt that this enabled farmers to be better aware of the need to restructure). Positive (but weaker) relationships with this objective were also reported in connection with tailored business advice (AP53) by virtue of encouraging 15,000 farmers to draw up business plans over a four year period, and training – LANTRA needs assessment (AP60) - by providing an overview of skill sets within the industry.

Animal slaughtering sector within Objective 1

While most of the measures in the APfF clearly have farmers as their intended beneficiaries, there are several where the target group is abattoirs. The measures reducing the cost burdens facing the animal slaughtering sector (AP35 on restricting meat inspection charges and AP37 on changing inspection regulations) were rated highly by scheme managers in terms of helping abattoirs adjust to new inspection requirements. However, the point needs to be made that these measures were not directly focused on the farming sector; farmers would have benefited directly only to the extent to which the reduced charges/changes to inspection regulations were passed on to them in the form of higher livestock prices. Given the relatively weak bargaining position of farmers in this market relationship it is doubtful whether significant direct benefit would have accrued to them. On the other hand, it was pointed out to us in discussions that to the extent this measure maintained smaller slaughterhouses in business it may have had an indirect effect by assisting farmers hoping to develop regional/local foods. There may also be transportation cost implications.

The scores attributed to Action Points directed towards the animal slaughter sector by scheme administrators shown in the tables in this Chapter must be viewed in this light. Viewed from the perspective of the farming industry, they are likely to have been zero in terms of assisting with the immediate financial crisis, and only weakly positive in terms of assisting with structural change in the key (farming) sectors.

5.3. Facilitating the implementation of the England Rural Development Plan

The England Rural Development Plan (ERDP), announced in 1999 and intended to run from 2000-06, contains schemes to encourage farm diversification, lead to better marketing, provide training for the farm labour force, promote forestry, stimulate agri-environment actions and support farming in hill areas. The APfF contains a number of measures that correspond with some of these policy areas.

The term 'facilitating the implementation' of the ERDP did not seem to have a clear meaning to the Defra scheme managers, senior administrators and stakeholders who we consulted. Though one interpretation might simply be 'acting as a precursor for', another interpretation (to which we lean, given the context) is that, in some way, the APfF went further and made the introduction of schemes under the ERDP more easy by providing some evidence base or pilot measure.

The most costly measure of obvious relevance to this objective was AP7, aimed at providing support to hill farmers and involving expenditure of £50 million. This was intended to maintain support levels for farming in Less Favoured Areas (LFAs) until such time as the ERDP was formally adopted and the payments subsumed. In that sense it was an administrative device that facilitated what happened under the ERDP, and in our view deserves the positive score it was given by its manager.

The other main focus of measures designed to facilitate the implementation of the ERDP was to try to assist farmers with the diversification process. This was done by providing, *inter alia*, free consultancy on planning for farm diversification (AP11) and increasing funding by £4 million for the Regional Development Agencies' Redundant Building Grant programme (AP19). Both of these could be regarded as paving the way for schemes under the ERDP that promoted diversification. Perhaps surprisingly, the provision of tailored business advice (AP53), costing some £8.5million, was not considered by its Defra manager as facilitating what was available later through the ERDP. Beyond this, the Lantra Training Needs Assessment (AP60), a one-off industry level snapshot of needs that formed a background to the training element of the ERDP, could be regarded as a facilitating exercise and thus receives a positive score (albeit a weak one). Such a baseline study would have been necessary for the operation of an effective training scheme (the ERDP's Vocation Training Scheme, or VTS). Though the immediate beneficiary was Lantra, the inclusion of AP60 in the APfF possibly advanced the timing of the Vocational Training Scheme, with some benefit to people working on farms.

The Challenge Funding for business improvement under the Agricultural Development Scheme (AP50) was seen as having a weakly positive impact in terms

of facilitating what is being developed under the ERDP (mainly as the Processing and Marketing Grant). It should be noted that the ADS pre-dated the APfF and has been useful on a number of occasions as an EU-approved state-aid that can be drawn upon when needed. The development of the electronic portal for farming was also considered to have had a weakly positive relationship with this objective.

5.4. Providing better regulation

The desire for better regulation was a formative factor in the design of the APfF, but, by the nature of decisions in this area, is not heavily reflected in the measures selected for detailed study on the grounds that they used public funds and had identifiable outputs. Better regulation tends to fall under what we have classed as endorsements, aspirations or good governance.

According to the responses we have obtained from Defra managers, very few of their measures were seen as relating in a direct way with the objective of providing better regulation 'bearing in mind the need to meet environment and consumer safety objectives and safeguarding the taxpayers' interest'. Among the few that were seen positively were the delay in the introduction of Integrated Pollution Prevention and Control requirements (AP20) until 2007 for existing pig and poultry installations, the lowering of charges in relation to IPPC (AP21) and the introduction of the National Scrapie Plan (AP33) which was a voluntary UK initiative predating legislation being introduced at EU level in 2004-2005. In addition, the Defra manager responsible for AP11 (Free ERDP diversification planning consultancy service) viewed it as resulting in better regulation, though only weakly. Conversely, the scheme manager responsible for AP27, on reducing groundwater charges, felt that this measure worked strongly against the objectives of safeguarding the taxpayers' interest and also against the need to meet environmental objectives since the removal of charges meant that farmers no longer had as strong an incentive to minimise actions with a potentially adverse environmental impact. AP7 on increased support for hill farmers was also given a negative score for this objective.

5.5. Ensure that Government, farmers and the food industry work together to find ways to improve profitability in the industry

Though the general intent of 'working together' in the form of co-operation and better communication is clear enough, again this is an objective that Defra managers (and others) found difficult to interpret precisely. Beyond the discussions initiated by the APfF itself, including in the form of the Industry Forum and by the Action Plan newsletters, a number of the measures were found to be directly contributing to the goal of ensuring that Government, farmers and the food industry work together to find ways to improve profitability in the industry. As is shown in Table 5.1 above, those scheme managers interviewed in person and respondents to the

postal survey considered that a number of measures addressed this objective directly, albeit weakly. These were:

- Agricultural Development Scheme AP50 – with explicit aims that include improving marketing, collaboration and competitiveness;
- Tailored Business Advice AP53, Knowledge transfer initiatives AP61 - which involve better communication of scientific and technical knowledge;
- Lower IPPC costs to farmers AP21 - which includes consultation between the Environment Agency and farmers;
- Increase grant/limits under Farm Waste Grant AP24;
- Rural stress alleviation AP18;
- Ram genotyping scheme used as basis for introduction of National Scrapie Plan (AP33);
- Training – LANTRA needs assessment and promotion AP60 - which involves dialogue on users and providers of training; and,
- Delay IPPC for existing pig and poultry installations AP20.

5.6. Campaign for reform to the CAP to make it more market-oriented and less complex

The final objective of the APFF was to ensure the Government campaigned tirelessly for reform to the CAP to make it more market-oriented and less complex. However, no respondent considered that any of the measures contained in the APFF addressed this objective and in the case of dairy agri-monetary compensation a negative score was actually entered by the relevant Defra manager, implying that, by providing short-term relief (and thereby probably slowing down the restructuring process) the efforts of the Government to press for further reform of the CAP towards greater market orientation were somehow diminished. However, as evaluators we have reservations about the validity of this negative score. While we accept that, judged from both economic theory and past experience, there would likely to have been an impact of agri-monetary compensation on the rate of restructuring in the sector, any link to the process of policy reform is questionable as it is difficult to see how such causality might have operated. No evidence has been seen of a trade-off between the use of compensation and the UK's pressure applied in the negotiations for reform over the period of operation of the APFF. While we have let the negative score stand in Table 5.1 for the dairy sector, it should be clear that we have our doubts; no entries have been made for the other sector compensations. The overall picture of a lack of engagement with this objective, however, remains. Despite the success the UK may have had at delivering significant progress in CAP reform over the period in which the APFF operated, the managers consulted did not see positive links between their schemes and this objective.

5.7. Summary

The above analysis of the APfF measures in relation to the objectives of the APfF has shown that, for the most part, the measures with significant funding attached (agri-monetary measures for dairy, beef and sheep at a cost of £66 million and the change of the weight limit under the OTMS scheme at a cost of £20 million) were primarily focused on the short-term objective of addressing the income crisis in agriculture¹². This weighting clearly reflects the political priorities at the time the APfF was being put into place and is therefore not unexpected. The performance of these measures in relation to the short-term income problem seem to be viewed as having been quite satisfactory by Defra managers, supported by senior administrators and other stakeholders.

Such short-term relief measures may, however, have worked against the second part of this objective which was to ease the process of change the sectors faced. This was because they will have tended to slow down this process by allowing a greater number of farms that would otherwise have left the industry to remain in place. The major exception in this context was the PIRS scheme, which was aimed explicitly at encouraging and facilitating restructuring in the pig sector. Scores attributed to measures with respect to the aim of easing change were generally low (with the exception of the PIRS, either zero or weakly positive).

The main focus of the remaining measures was on facilitating the introduction of the ERDP (though the nature of this facilitation was not self-evident) and, to a lesser extent, on improving the working together of government, farmers and the food industry. There was very little by way of direct measures in the APfF that contributed strongly positively to the objective of achieving better regulation (and indeed the reduction of groundwater charges under AP27 and support for hill farmers under AP7 may have resulted in poorer regulation), or facilitating the reform of the CAP.

¹² The £120 million over three years for A33 ram genotyping for sheep had been agreed earlier under the SR 2000.

6. Analysis of cross-impacts between measures and with other actions

In a policy area or government initiative that comprises a number of interventions which deal with the same target group from different perspectives (such as the APfF does with farm operators), it is likely that there will be interactions (cross-impacts) between at least some of the individual actions. The point is not that there may be a number of actions that aspire to the same policy objectives, but rather that there may be synergy (both positive and negative) between them that enhance (or detract) from their performance. One example comprises schemes to provide training in marketing and schemes to enable firms to invest in new food processing equipment. Indeed, as was noted in an earlier chapter, a well-designed policy programme will draw on synergy between its individual components to enhance its overall impact.

In essence the purpose of this part of the meta-evaluation was to assess the degree to which the Action Points contained in the APfF interacted with each other to generate synergy (both positive and negative)¹³. These interactions were of two sorts. First there were those between measures and, second, between measures and the other APfF Action Points (endorsements, aspirations and good governance). As with the previous two chapters, the analysis is based on the results of interviews with Defra scheme managers and, for some, their responses to an electronic questionnaire.

6.1. Synergy between measures

As part of the interviews, Defra staff responsible for measures were briefed on the nature of the synergies that were being investigated, a similar explanation being provided in written form for those where a questionnaire was circulated. They were asked to refer to the list of measures and to provide scores for a) their perception of the synergy between each measure and their particular measure; and b) their measure's synergy with each of the other measures. This double system was needed to allow for asymmetry in the direction of interaction. Respondents were advised not to strive excessively to find relationships where none were clearly apparent, as a fertile mind could probably construct convoluted interactions that might, conceivably constitute synergy. The judgements and experiences of Defra managers were drawn on in both identifying and assessing the strength of the synergy. In the scoring system both positive and negative synergies were allowed for.

¹³ Interactions could arise in various ways, for example between relative scheme objectives or between delivery mechanisms of one and the objectives of another. This level of detail has not been pursued.

Respondents were reminded (both in the face-to-face interviews and in documentation) that something beyond shared objectives was looked for. Rather, to give a positive score they were asked to envisage situations where the impact of one measure would have been less in the absence of the other. On this basis, a score of zero would indicate that, though several actions with the same objective could be cumulative, there would be no bonus from their working together. In the face-to-face interviews that took place for many of the measures respondents were questioned about their proposed scores, a modulation function by the evaluators, in particular if there was some doubt over whether these related strictly to synergy. However, they were not required to provide evidence to support their claim. Nevertheless, some misunderstandings probably remain and lack of comparability between respondents is inevitable. In view of this, and the relatively active part played by the evaluation team, there was no attempt to distinguish between scores recorded in questionnaires and those interpreted from other evidence. The scores must be interpreted in this light and can be no more than indicative.

The overall results of this assessment of synergy between the measures themselves are presented in Table 6.1. Both halves of the matrix (either side of the same-measure diagonal) are completed to allow for asymmetry in the synergy (as provided for in the methodology on cross-impacts presented in the MEANS collection for evaluating socio-economic programmes (see volume 4, pp81-86)). The information in the Table should be read horizontally. An overall formal coefficient of potential synergy has not been calculated since this only becomes meaningful when comparisons with other arrays of measures are possible.

The overall impression gained from the scores obtained from information supplied by Defra managers, shown in Table 6.1, is that they see the degree of synergy between APfF measures as generally weak or non-existent. Among the 650 possible cross-impacts (26x25 measures) only five claims of strong synergy were encountered¹⁴. Another 67 cases of weak positive synergy were reported and two cases of a weak negative synergy. These correspond to some 10% of the possible cross-impacts.

Among the examples where synergy was reported, a relatively high proportion (35 of the 74) occurred among those 11 measures primarily focused on the provision of short-term income relief to address the crisis facing agriculture at the time. Among

¹⁴ This figure includes partial, or one-way, information, i.e. where a manager of a measure found a synergistic relationship with a measure where the manager of this second measure did not provide a response. It is likely that some examples of synergy have been missed as a result of this partial information due to a lack of response from the managers of a number of measures.

this group synergy was perceived in about a quarter (26%) of the 100 potential cross-impacts. This involved, for example, perceived positive synergy between:

- beef and dairy agri-monetary payments;
- beef and dairy agri-monetary payments and the lifting of the weight limits under the OTMS;
- dairy agri-monetary support and reduced hygiene inspection charges for dairy enterprises;
- increased support for hill farmers and rural stress alleviation;
- agri-monetary payments for sheep and reduced charges under the Groundwater Regulation, etc..

Other examples were found of claimed synergy between measures aiming in the same direction, such as the delay in the implementation of the Integrated Pollution Prevention Control regulations and lower charges in relation to this, which had a strong positive synergy.

It must be admitted that not all these claimed synergies were self-evident to the evaluation team, and it is possible that some mis-interpretation of the nature of synergy was present.

Perhaps as would be expected, the measure providing tailored business advice was seen as tying in well with a number of other measures and thus displaying synergy.

Table 6.1: Synergistic relationships between APfF measures

Measure	Measure (labels as in first column)																										
	18	50	53	55	61	2	3	4	5	6	7	8	15	21	24	33	11	19	29	58	60	51	20	37			
Over-arching issues																											
18 Rural stress alleviation	■										1			1											1	1	1
50 Challenge funding for business improvement		■									1				1						1	1	1				
53 Tailored business advice			■		1						2		1	1			1							1			
55 Electronic portal for farming				■	1																						
61 Knowledge transfer initiatives	1		1	1	■																			1			
Improving farm incomes and performance																											
2 Pig Industry Restructuring Scheme					1	■							1	1											1		
3 Agri-monetary aid to dairy farmers							1	■		1	1	1															
4 Agri-monetary aid to beef farmers								1	■			1															
5 Agri-monetary aid to sheep farmers									1	■			1														
6 Remove charges for dairy hygiene inspections								1			1	■															
7 Increased support for hill farmers	1		2					1				1	■														
8 Increase max. weight for animals OTMS								1				1	■														
15 Increase RDA's RBG programme			1											1	■												
21 Lower IPPC costs to farmers	1		1				1							1		1	■										
24 Increase grant/limits under Farm Waste Grant													1			1	■										
33 Ram genotyping (reducing scrapie in sheep)		1										1					1	■									
Rural development																											
11 Free consultancy on planning for farm diversification			1										1	1													
19 European Centre for organic fruit and nursery stock																											
29 IACS field margin treatment (change)																											
58 Kington pilot project to promote rural use of IT					1																						
60 Training – LANTRA needs assessment and promotion		1	1											2													
Improved marketing of UK produce																											
51 Building Business Advantage initiative (joint with NFU)																											
Minimising costs and bureaucratic burdens																											
20 Delay IPPC for existing pig and poultry installations	1	-1	1				1																				

6.2. Synergy between measures and other actions

A similar process was followed to assess synergy between the measures in the APfF and what we have classified as endorsements, aspirations and good governance Action Points. Defra managers were asked to identify synergies between their individual measure and each of the 36 other Action Points using a list in which each was described. Again, asymmetry was catered for in the direction of the relationship between the measure and other Action Point.

Results are presented in two tables below. Table 6.2 sets out the impact of the 36 non-measure Action Points on the measures, and Table 6.3 sets out the impact of each measure on each of the 36 remaining Action Points. In both tables, to facilitate presentation of the 1,872 possible cross-impacts (936 in each direction), situations in which no synergy was reported for a particular measure or non-measure have been omitted. In reality, this means that the synergy brought about by non-measure Action Points involved only 15 of the 36 in the APfF and impacted on only 6 of the 26 measures; in total only 26 examples of a synergy between a non-measure Action Point and a measure were mentioned. These measures were:

- AP53: Tailored business advice (two APs concerned with diversification);
- AP3: Agri-monetary aid to dairy farmers (2 APs to do with BSE in Northern Ireland, and the British Farm Standard);
- AP11: Free consultancy on planning for farm diversification (2 APs concerned with diversification);
- AP60: Training – LANTRA needs assessment and promotion (six non-measures for which training was implied or facilitated);
- AP35: Restrict meat inspection charges (slaughterhouses) (where seven APs, all in the meat sector, were felt to offer synergy); and,
- AP37: Change inspection regulations (slaughterhouses) (as for AP35).

Of the non-measure Action Points, almost all of the 15 were mentioned by managers of measures only once or twice, exceptions being AP42 Review of Veterinary Surgeons Act 1966 and AP40 assistants substituting for vets in certain meat inspections, which both impacted on 3 measures relating to animal slaughter (2) and to a training measure.

Most of these synergies were weak positive ones. The only examples of strong ones were between Action Point 59 (Farmers' IT needs research project) and Measure 60 (Training – LANTRA needs assessment and promotion), and between two non-measure APs dealing with red tape review and two measures relating to the implementation of related actions (AP35 and AP37).

Looking at the way that measures have had positive synergy with non-measure Action Points, there were only 24 responses which again only identified 5 measures which had synergistic relationships with some 17 non-measure Action Points. Mostly the relationships were weakly positive, though 6 were thought to be strong. One was thought to be negative (provision of agri-monetary aid acting against CAP reform in the dairy sector). The measures overlapped, but were not identical with those affected by non-measures listed above (AP50 appearing and AP53 falling out). They were:

- AP50: Challenge funding for business improvement (on 7 APs related to marketing);
- AP3: Agri-monetary aid to dairy farmers (negative relationship with CAP reform);
- AP60: Training – LANTRA needs assessment and promotion (3 APs relating largely to the use of IT);
- AP35: Restrict meat inspection charges (slaughterhouses) (7 APs relating to meat inspection and, strongly, red tape issues in this sector); and,
- AP37: Change inspection regulations (slaughterhouses) (the same 7 APs relating to meat).

The conclusion, taking both directions of synergy together, is that there was some synergy that Defra administrators could identify, but this was not widespread. Where it could be detected, relationships were typically weak. Training, IT and red tape issues were where synergy tended to be involved, with the meat industry a case in point.

Table 6.2: Synergistic impacts of non-measures on measures in the APfF

Score: -2 = strong negative synergy, -1 = weak negative synergy, 0 = neutral, +1 = weak positive synergy, +2 = strong positive synergy

Non-measure	MEASURE					
	53 Tailored business advice	3 Agrimonetary aid to dairy farmers	11 Free consultancy on planning for farm diversification	60 Training – LANTRA needs assessment and promotion	35 Restrict meat inspection charges (slaughterhouses)	37 Change inspection regulations (slaughterhouses)
10 ERDP publicity			1	1		
12 Advisory booklet for farmers on farm diversification	1					
14 Planning guidance on diversification	1		1			
32 BSE low incidence status for Northern Ireland, DBES abattoirs		1				
34 Review of meat hygiene efficiency					1	1
36 Implement red tape review recommendations on the meat industry					2	2
39 EU review of meat hygiene legislation					1	1
40 Assistants substituting for vets in certain meat inspection				1	1	1
41 Task force on meat hygiene inspection charges					1	1
42 Review of Veterinary Surgeons Act 1966				1	1	1
44 Implementing Red Tape Review Group's recommendation on IACS and intervention					2	2
47 Supermarkets' code of best practice				1		
48 The British Farm Standard		1				
49 Supermarkets' commitment to British agriculture				1		
59 Farmers' IT needs research project				2		

Table 6.3: Synergistic impacts of measures on non-measures in the APFF

Score: -2 = strong negative synergy, -1 = weak negative synergy, 0 = neutral, +1 = weak positive synergy, +2 = strong positive synergy

Measures	Non-measure Action Points (see list of codes below)																
	9	10	13	32	34	36	39	40	41	42	44	48	49	52	57	59	62
50 Challenge funding for business improvement	1	1		1								2	2	1		1	
3 Agrimonetary aid to dairy farmers																	-1
60 Training – LANTRA needs assessment and promotion			1												1	1	
35 Restrict meat inspection charges (slaughterhouses)					1	2	1	1	1	1	2						
37 Change inspection regulations (slaughterhouses)					1	2	1	1	1	1	2						

Code of non-measures

- 9 The Government gives a commitment to open all new ERDP schemes to applicants as soon as it receives European Commission approval, expected in July.
- 10 Government will publicise the ERDP schemes widely to ensure farmers are aware. Will seek views of all interested organisations on scheme details, and discuss these through new regional and national consultation fora. Will write to every farmer. Farmers will describe benefits at the Royal Show and experts from MAFF and FRCA will give advice at agricultural shows. Forestry Commission exhibits and Ministerial visits will draw attention to the increased support for farm woodlands.
- 12 The Government will produce a new advisory booklet on farm diversification, including basic guidance on planning issues and requirements.
- 13 The Government has assigned the Ministry of Agriculture, Fisheries and Food responsibility for working with the horse industry to help develop its potential for rural-based employment.
- 14 The Government will revise planning guidance to give clear encouragement to diversification, [for example to re-use redundant farm buildings and to encourage small-scale horse enterprises on working farms.
- 16 Public consultation on proposals to extend rate relief to other horse enterprises linked to farms. Will require primary legislation.
- 17 Consider ways of fulfilling the roll-out of mobile phone networks in rural areas while keeping environmental intrusion to a minimum and taking account of the recommendations of the forthcoming report of the Independent Expert Group on Mobile Phones.
- 22 Nitrates Directive Implementation. Consult on new proposals consistent with the UK's obligations. Will work with industry on measures to alleviate the burden, such as nutrient budgets; in setting the date for implementation in the new zones, we will give farmers as much time as possible to adapt to the new requirements; designate new areas only on the basis of sound science and the contribution of agriculture to the overall problem.
- 23 Aim to secure at EU level a derogation to allow a higher limit for nitrates on grassland.
- 25 Pursue contacts with other Member States with a view to securing proposals to relax the requirements of the Nitrates Directive.

- 26 Consult in autumn 2003 on the controls necessary under the Waste Framework Directive for agricultural waste in England and Wales.
- 28 The Government will initiate a regulatory review by the Better Regulation Task Force of the environmental regulations with particular reference to farmers.
- 30 FSA will submit a published report to the UK Health and Agriculture Ministers by 31 October 2000 (if BSE inquiry permits) to review the current main measures to protect the public against BSE/vCJD in relation to the food chain.
- 31 Review by Sir Robert May (the Government's Chief Scientific Adviser), Professor Liam Donaldson (Chief Medical Officer for England) and Sir John Krebs (Chairman of the Food Standards Agency) of the principles and procedures of risk assessment used by the Government's scientific committees that deal with food safety;
- 32 Look at ways of developing the scope for beef exports in line with the improving BSE situation in the UK. Initiated discussions with the Commission with a view as a first step to relaxing the ban on exports of beef from Northern Ireland in recognition of its particularly low incidence of BSE. Also proposed to commission ways in which exports of tallow and tallow derivatives can be re-started. Will consider carefully whether any additional measures would be necessary to safeguard the position of abattoirs exporting beef from Great Britain.
- 34 FSA will commission an urgent independent review of the Meat Hygiene Service's efficiency.
- 36 Implement the recommendations of the Red Tape Review Group on the meat industry.
- 38 The Government will press for animal welfare to be addressed in the WTO negotiations starting this year.
- 39 Commission to review EU meat hygiene legislation.
- 40 Press EU to allow assistants to substitute for veterinarians in inspection tasks in areas where it is appropriate.
- 41 Task force to examine alternative approaches to the charging for meat hygiene inspection, in response to the concerns of small and medium sized abattoirs.
- 42 The Government will review the scope for veterinarians to be replaced by properly trained and regulated para-professionals in certain activities which the Veterinary Surgeons Act 1966 currently requires be carried out only by a vet.
- 43 The Government will support the expected European Commission proposal for an EU-wide ban on sow stalls.
- 44 The Government is pushing ahead with implementation of the recommendations of the Red Tape Review Groups on the[Meat Industry,] see 36. IACS and Intervention.
- 45 The Government will maintain a rigorous scrutiny of regulations. MAFF has further reviews under way, with full involvement as stakeholders, of a wide range of activities, including rules on animal welfare, review on organic food standard arrangements, animal medicines, pesticide approvals and the Agricultural Wages Board.
- 46 The Government is initiating a new independent review of dispensing by veterinary surgeons of prescription only medicines to reduce costs to farmers.
- 47 The Government welcomes the major supermarkets' commitment to develop, with the IGD, a code setting out and encouraging best practice in supply chain relationships.
- 48 The Government welcomes the NFU's proposal to bring existing farm assurance schemes within a single structure, and their launch today of the associated 'British Farm Standard' mark.
- 49 The Government welcomes the strong commitment shown at this summit by the major supermarkets to British agriculture.
- 52 Countryside Agency, will work with others to develop projects to help consumers appreciate the contribution they make, and to disseminate market knowledge of the many excellent regional farm produce now available.

- 54 The Government will explore, in collaboration with industry representatives, the contribution which insurance and other market-focused mechanisms can make to help farmers manage market risks so as to achieve greater stability of their incomes.
- 56 Make all MAFF forms available electronically by the end of the year.
- 57 Farmers will be able to submit electronic claims for IACS in 2001 and all subsidy claims by 2002.
- 59 Research has been commissioned into farmers' use of, and needs for IT support.
- 62 The Government will work closely with our partners in Europe and the European Commission to secure further market-orientation of the CAP to the benefit of UK farming as well as consumers and taxpayers.

6.3. Conclusion

These results are, of course, only indicative, but they do suggest a generally low level of synergy between APfF measures and between measures and other types of Action Point. An explanation may be the fact that, as was pointed out to the evaluators on various occasions, the APfF was 'not a strategy', but rather should be seen primarily as a short-term response to a crisis in the sector. Given this background our findings are perhaps not surprising.

7. Conclusions and lessons learned

This review of the meta-evaluation of the APfF as a whole draws on material presented in previous chapters, including external evaluations of some of the major Action Points plus Defra analyses of the impact of agri-monetary compensation based on FBS data. It is supported by the evidence base derived from scheme managers (mainly by face-to-face interview and/or postal questionnaire, but with some less formal comments and telephone discussions covering late submissions) augmented with information taken from senior Defra administrators (face-to-face interviews), from other stakeholders (face-to-face interviews and postal questionnaires), and from records of Industry Forum meetings. Though information was collected from managers in relation to each of the 26 APfF measures, some gaps remain in responses from managers. However, these are unlikely to affect our general conclusions or the lessons to be learned from this meta-evaluation.

7.1. Conclusions

As has been highlighted in Chapter 2 of this report, the APfF was a highly politically-driven policy intervention. This is borne out not only by the economic and political circumstances when it was put together, but also by the fact that it came so soon after the policy strategy document A New Direction for Agriculture (December 1999) and in a period when the England Rural Development Plan (2000), a national application of the EU Rural Development Regulation (1257/1999), was being established.

The process of drawing up the APfF took place over a very short timeframe and appears to have been initiated and given impetus from a senior level in Government. The various Government Departments involved were asked for their contributions in terms of Action Points and their comments sought on how the package was to be structured. This process meant that the traditional HM Treasury reluctance to fund agri-monetary compensation measures in the light of their high net cost to the UK Exchequer¹⁵ was overridden by the political imperative to be seen to be taking positive action. We understand that, in effect, the quid pro quo for allowing this concession was HM Treasury insistence, backed by MAFF, that the package was not only to include measures to address short-term income needs, but also actions to address the longer-term restructuring requirement¹⁶.

¹⁵ With respect to the question of what the gross and net costs to the UK Exchequer of EU co-funded payments was, the rule of thumb to apply was that the UK carried 71% of the costs covered through the EU's budget. With a 1:1 co-financing arrangement, the UK share of the cost of £66 million of optional agrimonetary compensation would have been 85.5%, amounting to £56.43 million.

¹⁶ Initially this was to particularly take the form of introducing an early retirement scheme for farmers, but this was subsequently rejected.

That this, perhaps over ambitious, structure-related objective and related food-chain and other issues were not achieved by the APfF is reflected in the fact that subsequently they needed to be more profoundly addressed by the Curry Commission (Farming and Food – a sustainable future, January 2002) and Defra's own policy document The Strategy for Sustainable Farming and Food (2002). Even within the first year of the APfF, three Task Forces were set up (announced November 2000) to identify the scope for greater efficiencies within the dairy supply chain, to examine both the costs and efficiency of use of a wide range of inputs into UK farming, and to look at ways that English hill farmers could be helped to develop sustainable business enterprises that contribute to the upland rural economy and environment¹⁷. More generally, the fact that the APfF was trying to address such a wide range of objectives meant that in the end a large number of Action Points which might be seen as peripheral or even irrelevant to the overall objectives were included. Their only purpose seems to have been to affirm that the Government was aware of the many real and perceived problems facing the sector and that it was wherever possible encouraging initiatives to address them.

The above process meant that, in the view of many of those we have held discussions with, what finally emerged cannot be said to form a balanced, consistent and fully cohesive package. Rather, it appears to be made up of a mix of real 'actions', comprising those we have identified as measures, having a recognisable action/funding attached, and a wide range of other Action Points that we have classified as aspirations, endorsements and good governance points. This makes the assessment of the output of the APfF as a whole particularly difficult.

Seen more positively, it was argued that the APfF's wide ranging endorsements and aspirations with respect to diminishing the regulatory burden on farmers, encouraging a more market-oriented approach, enabling farmers to live increasingly without subsidy and encouraging all partners in the food chain to act together, reflected an important stage in the thought processes which ultimately culminated in a new approach to the way farming is seen and dealt with. Thus the APfF can be seen as forming part of a progression that started before the particular conditions that engendered it arose and which has continued. While we would be reluctant to suggest the the APfF led directly to later reports, policy statements and initiatives such as the Curry Commission and Defra's Sustainable Food and Farming Strategy, there is no doubt that it formed part of their context.

¹⁷ See Appendix 9 for summaries of the reports of the Inputs Task Force, the Milk Task force and the Hills Task Force.

Looking at the Action Points that we have classed as measures, it is clear that, performance, in the narrow sense of whether the specific action was taken or not, was on balance generally good. In other words, where an action was required this seems to have largely been initiated and completed within the intended timeframe. Similarly, the financial and quality monitoring process appears to have been generally satisfactory. A full judgement on financial monitoring is particularly difficult since there appears to be no definitive picture of how much was initially being spent on the APfF. Thus it is not clear exactly how the headline figure of £200 million was arrived at and whether this was all new money¹⁸. The difficulty of obtaining a clear picture in this regard is compounded by the fact that some measures such as agri-monetary compensation applied UK-wide while certain others only applied in some of the four countries.

Despite the generally satisfactory monitoring process, only a relatively limited number of formal external evaluations (4 in total) of individual measures were conducted. In many cases follow up of measures largely seems to have faded once the one-off action had been taken or as they became subsumed into other measures (e.g. incorporated into ERDP) or overtaken by events such as Foot and Mouth Disease and the establishment of Defra itself. This was certainly the case with the Industry Forum (and the associated Action Plan newsletter) which was set up to report on the Action Plan and allow feedback from stakeholders. While at its first meeting three Task Forces were established to look at the milk sector, the price of agricultural inputs and hill farming, there was considerable discussion within MAFF as to how to make such a body genuinely effective in terms of providing constructive follow-up, feedback and debate. After the second meeting in November 2000 the Forum ceased to operate. Its activity was delayed until after the publication of the Curry Commission report and was then replaced by an implementation group, reporting to HM Treasury and Defra, designed to follow up on the Curry Commission recommendations.

As has been set out in Chapter 5, those surveyed considered the impact of the APfF to be unbalanced in terms of achieving the formal objectives set out when the Plan was announced, because the primary focus of expenditure was on addressing short-term income needs. The components relating to the other formal APfF objectives (such as restructuring) had relatively little funding attached and were generally not perhaps as thoroughly appraised as would have been desirable. This meant that their impact in terms of the whole APfF must be seen as relatively marginal. In the case of the major restructuring measure (PIRS AP3), the scheme design was compromised by having to comply with EU state-aid rules and the effect attributable to the scheme is argued to have been obscured by subsequent events such as FMD

¹⁸ Defra was unable to supply the consultants with a complete breakdown of spending under each Action Point.

and other disease outbreaks. This having been said, it can be argued that some schemes that might not otherwise have been brought forward were introduced by being included within the APFF.

The relatively poor degree of synergy between measures and other Action Points (Chapter 6) is indicative of the APFF being put together from parts that happened to be available rather than as a set of instruments operating within a designed framework. Even with fully complete information from managers it is unlikely that this aspect of the Action Plan's performance would be seen in a better light.

Nevertheless, though not appearing as a formal written objective, most importantly the APFF delivered the political result which was desired by the government in the sense that it was warmly welcomed by the farming organisations who felt they were being listened to and the APFF was seen as responding to the industry's most pressing concerns. More generally, the endorsements in the APFF sent a strong message to the sector that the government supported actions being taken in the food chain and that these in effect had a 'government seal of approval'.

Writing in 2003 it seems evident that any meta-evaluation of the APFF needs to take into account the fact that since its launch major changes have occurred which must colour perceptions of the APFF. These include:

- a) the creation of Defra in June 2001 which represented a major change in the way in which rural and farming issues were to be addressed;
- b) the 2001 Foot and Mouth Disease epidemic that changed the perception of activities in the countryside;
- c) the Report of the Policy Commission on the Future of Farming and Food (Sir Don Curry, 2002);
- d) implementation of the England Rural Development Programme; and,
- e) the mid-term review of Agenda 2000 and further adaption of the CAP.

Taken together, these mean that there is now a recognition of the need to move beyond the approach taken by the APFF.

7.2. Lessons learned

The APFF contained elements both addressing the short-term political imperative as pressed by the farming organisations and those that were trying to incorporate the more ambitious, and not entirely consistent goal, of encouraging restructuring and improving the sector's competitiveness. The relative lack of success in achieving the latter was of course in part due to unforeseen and unforeseeable events such as Foot and Mouth Disease. But, as we have shown, a significant number of

respondents also felt it may in part have been due to the process involved in drawing up and implementing the Plan. A lesson from the APfF experience is that the absence for whatever reason of proper design of interventions, including synergy between the elements, and the lack of a robust appraisal process, is likely to lead to poor policy performance.

As was pointed out by stakeholders, a further lesson that should be learned from the experience of the APfF and taken into account in subsequent programmes is that there needs to be 'sustained follow-up' to such policy announcements for them to be effective beyond the short-term.

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Appendix 1: Terms of Reference

The evaluation will draw upon the results of preceding evaluations and other available evidence to assess the effectiveness of the Action Plan for Farming (APfF) in meeting its objectives in relation to England. These include facilitating business restructuring, promoting rural development and diversification and action to reduce the costs and bureaucratic burdens faced by farmers.

A1.1. Background

The Action Plan for Farming, supported by £200 million, was launched on 30 March 2000 when the Prime Minister, the then Minister for Agriculture, Fisheries and Food and other ministerial colleagues met farming and food leaders from across the UK at 10 Downing Street. The Plan comprised over 60 measures/commitments. Some of these provided short-term financial relief for the sector. Others provided longer-term support for business restructuring, rural development and diversification, improving food chain efficiency, developing new skills, including Information Technology and Communication (ITC), and minimising the cost and bureaucratic burden on farmers, while achieving environmental and consumer safety objectives. The aim of the Plan was to chart a way forward for the industry, against a background of substantial falls in farm incomes, and to help farmers find new and better ways to make their businesses more resilient, modern, efficient and responsive. A further £300 million was awarded to carry forward key measures over the subsequent 3 years. Defra was tasked with co-ordinating delivery of the Action Plan, in partnership with other Government Departments/Agencies and the farming, food manufacturing, retail and catering industries.

By the time of the outbreak of Foot and Mouth disease in February 2001, the bulk of the measures had been put into effect. However, a number of measures were amended in response to the outbreak as there was an urgent need to put some measures in place to help the farming industry recover. The establishment of the independent Policy Commission on the Future of Farming and Food in August 2001 marked the start of a new debate about farming policies.

A1.2. Policy Objectives and Mechanisms

The evaluation is to provide an assessment of the impact of the Action Plan in delivering both its shorter term and longer term objectives to recommend lessons for future related policies.

A1.3. Research objectives

Given the large number of measures in the Action Plan, it will be necessary to adopt some brigading of initiatives and policies in order to provide a coherent analytical framework. A four-way classification will be undertaken, as follows:

- measures relating directly to the improvement of farm incomes and performance;
- measures relating to rural development and diversification, in part anticipating the England Rural Development Programme or facilitating its implementation;
- measures aimed at improving the marketing of UK farm produce; and
- measures aimed at minimising costs and bureaucratic burdens whilst maintaining an appropriate standard of protection for consumers and the environment.

A1.4. Methodology

The Researcher will conduct the project using the methodology outlined in the tender document submitted for the project by the Researcher in March 2003. This will involve:

A1.4.1. Initial documentation and data collection

There will be the review of documentation and data sets relating to the policy, departmental performance and the administration and evaluation of individual programmes/schemes to establish APfF objectives appropriate to this meta evaluation.

A1.4.2. Hierarchy of objectives

There will be the construction of a hierarchy of objectives through the weighting of objectives according to a range of criteria, inter alia, proportion of total expenditure, expected benefit and relative importance of target sector.

A1.4.3. Performance scale

The documentation of policy performance for the various programmes/schemes will be reviewed in relation to their own objectives and those of the APfF as a whole:

- *Own-objective evaluation.* This will utilise a checklist analysis based on the ROAME approach to evaluation. An indicative scoring system will be used to analyse reported performance as reflected in process indicators and in evaluations (where these have taken place). When considering the contents of these evaluations due notice will be taken of the criteria for judgement of their quality in terms of their reliability, credibility and utility.
- *APfF objective evaluation.* This exercise will be carried out as an extension of the hierarchy of objectives by linking it with an inventory of the actions/programmes and the way they contribute to each overarching objective of the APfF. As an

analytical tool, a matrix of cross impacts will be established, with objectives forming rows and the actions/programmes forming columns. An indicative scoring system will be devised to elaborate this matrix by reflecting the qualitative (and where possible the quantitative) progress made by each action/programme towards the objectives. Provision will be made for negative scores.

A1.4.4. Discussion with Defra programme/scheme administrators and policy staff

There will be discussion with Defra programme/scheme administrators and policy staff to gain their perceived performance of the programme/scheme.

A1.4.5. Stakeholder interviews

Information will be collected on the perceived performance of the programme/scheme via face-to-face interviews of a semi-structured nature with stakeholders. The selection of stakeholders will be chosen in consultation with Defra but is likely to include representatives of farmers, other relevant sections of the food chain, public bodies concerned with problems and policies for rural area and, where appropriate, other Departments of central government.

A1.5. Timetable and reporting arrangements

The Researcher will be expected to analyse the data and produce a report that evaluates and summarises the findings of the project in the context of the objectives described in paragraph 5 above. It is expected that the researcher will need to attend up to three meetings with the project steering group in London. One of these is likely to follow submission of the interim report and another the completion of the draft final report. For the latter, the researcher will be expected to provide a short presentation outlining the results of the project.

A1.5.1. Duration

Subject to the Standard Conditions, this Contract shall be deemed to have commenced on 14 May 2003 and shall terminate on the date specified below for provision of a final report.

A1.5.2. Reporting arrangements

To ensure that the Project is progressing satisfactorily in a way that is likely to meet the Department's requirements the Project will be reviewed by the Department on the basis of the interim report to be provided by the Researcher, no later than Monday 28 July 2003. The interim report will give details of the work completed and detail any provisional findings of the research. In addition, the Researcher should relay to Defra any difficulties encountered to date and provide a detailed work programme

for the remainder of the project so as to ensure that the final contract deadline is met.

The draft report and executive summary will be submitted no later than Monday 29 September 2003 for comment by the Department. A final report will be available to the Department not more than 20 working days after receipt by the Researcher of the Department's written comments.

The Researcher will produce:

- 8 copies of the interim report;
- 10 copies of the draft final report;
- 10 copies of the final report ;
- 10 copies of the final separately bound executive summary;
- 10 copies of the final separate one page summary;
- a single electronic copy of the final report, including the executive summary and one page summary, in Microsoft Word format. The electronic copy of the final report should be suitably broken up into relevant sections, which are saved as separate files.

Wherever possible, the Contractor will conserve energy, water and other resources in performing the services. In particular, all written work in connection with the Contract shall (unless otherwise agreed with the Department) be produced on recycled paper containing at least 80% post consumer waste and used on both sides where appropriate.

Appendix 2: Bibliography

This Appendix contains a list of documents that were consulted and/or drawn on whilst carrying out the meta-evaluation.

Anderson, Iain (2002) Foot and Mouth Disease: Lessons to be Learned. Enquiry Report, HC 888.

British Pig Executive (2002) The Road to Recovery: A strategy for the British pig industry.

Cabinet Office - *Farming and Food – A Sustainable Future*. Policy Commission on the Future of Farming and Food (January 2002.)

Defra - *Economic Position of the Farming Industry* (April 2003).

Defra - *e-Business Strategy* (September 2001).

Defra – Report of the Hills Task Force (May 2001)

Defra – Report of the Inputs Task Force (May 2001)

Defra – Report of the Milk Task Force (January 2002)

Defra - *Strategy for Sustainable Farming and Food* (2002).

Defra (2002) *Farming and Food's Contribution to Sustainable Development - Economic and Statistical Analysis*

Defra/MAFF *Agriculture in the United Kingdom*

Defra/MAFF *Farm Incomes in the United Kingdom*

DETR - *Our Countryside: the future, A fair deal for rural England*, Cm 4909 (November 2000).

European Commission - *Evaluating socio-economic programmes*, the MEANS collection. Luxembourg (1999).

HM Treasury - 'The Green Book' *Appraisal and Evaluation in Central Government* (2002).

MacLean, C. (2000) Meat Inspection Charges Task Force: Report and Recommendations

MAFF - *Comprehensive Briefing Document on Action Plan for Farming*, unpublished (October 2000).

MAFF - *A New Direction for Agriculture* (December 1999).

MAFF England Rural Development Programme

MAFF - *Strategy for agriculture, An action plan for farming*, Press release (30 March 2000).

MAFF - *Action Plan for Farming Bulletin*, Issues 1-3

MAFF - *Risk Management in Agriculture*, Discussion document prepared by the Economics and Statistics Group (January 2001).

MAFF - *MAFF's Role in e-business*, Final Report (October 2000).

MAFF - *Internal case files on Industry Forum* (ASD 17A and ASD 21A), Action Plan for Farming evaluation process (ASD 20 and ASD 20A), Action Plan for Farming-performance measurement and service delivery target (ASD 23), Progress reports: Action Plan for Farming (ASD 14).

Meat Industry Red Tape Working Group - *Report and Recommendations, Appendices and Written Responses, Volumes I-IV* (December 1999).

National Pig Association (2002) Farming and Food The Acid Test: Building a sustainable future for the British pig industry.

NFU (2000) Farming for Britain: Our Contract with Society.

Appendix 3: Contextual information and statistics

A3.1. Exchange rates

During the 1990s, Sterling appreciated in value against the Ecu. Between 1995 and the end of 1999, Sterling appreciated by approximately 20%. From 2000 onwards, Sterling's appreciation in value continued, but at a slower rate. By the end of June 2001, this trend reversed and the Euro began to strengthen against Sterling (see Figure A3.1).

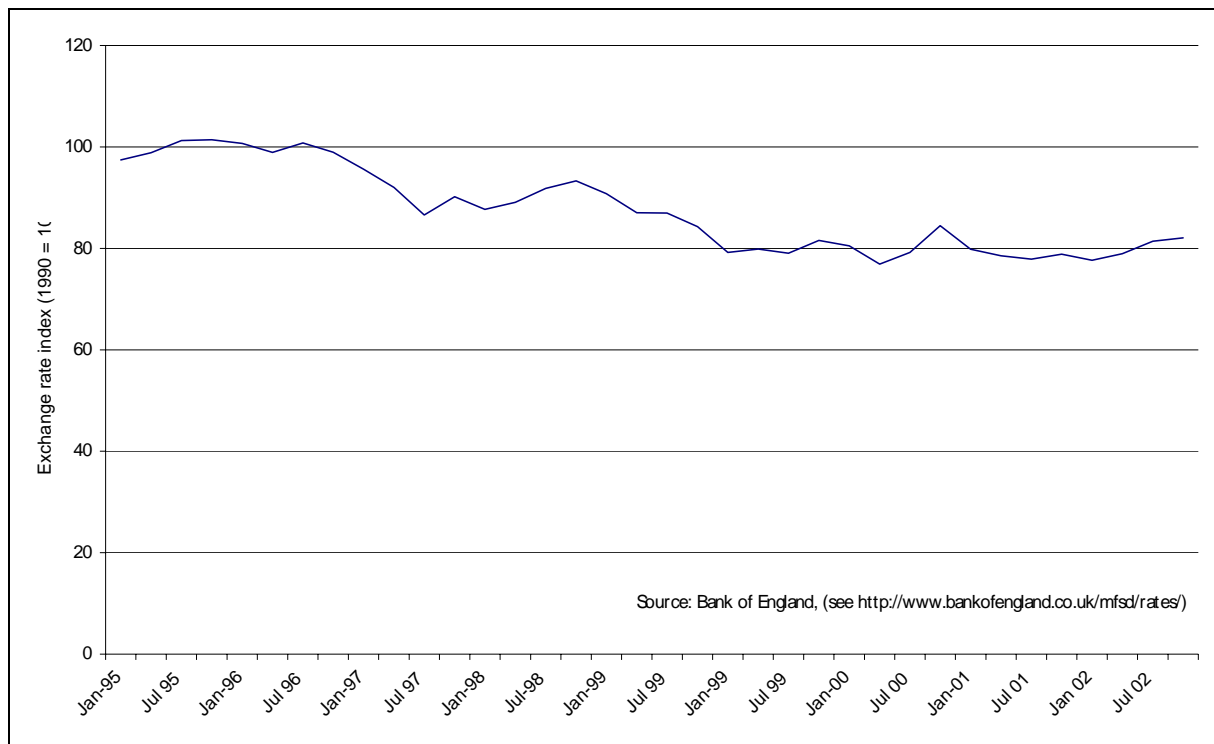


Figure A3.1: End month effective exchange rate index, Sterling:euro(1990 average = 100) 1995-2002

A3.2. Farm incomes

Between 1994/95 and 1999/2000, Net Farm Income¹⁹ in England fell in all farm sectors by between 64% (cattle and sheep in LFAs) and 116% (pigs and poultry). In the following 3 years, Net Farm Incomes (NFI) increased substantially from these low levels, but still remained well below the highs of the mid 1990s (see Table A3.1 and

¹⁹ Net farm income is constructed so that profitability and performance of different types of farms can be compared. It is defined as the return to the principal farmer and spouse for their manual and managerial labour and on the tenant-type capital of the business. Net farm income is a narrower measure than TIFF. As a consequence the annual percentage change in net farm income is more volatile, especially at relatively low levels of income.

Figure A3.2). The evolution of NFI in the UK is presented in (see Table A3.2 and Figure A3.3).

Table A3.1: Net Farm Income (England) by type of farm 1994-2002 (£ thousand/farm), at current prices

	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02
Dairy	48.1	54.4	44.5	29.2	17.9	11.9	14.3	30.7
Cattle and sheep (Less Favoured Areas)	11.8	15.5	15.6	9.7	5.1	4.2	6.1	7.9
Cattle and sheep (lowland)	10.4	10.8	9.5	1.1	0.9	0.6	-0.4	-
Cereals	31.7	49.6	43.8	16.8	8.9	13.5	7.3	4.1
General cropping	72.2	89.1	47.6	23.1	36.0	8.8	18.4	17.9
Pigs and poultry	31.3	66.7	60.4	20.2	-15.7	-5.3	37.6	21.5
Mixed	34.1	51.7	39.4	8.9	1.6	9.4	9.6	5.4

Source: Defra, Agriculture in the United Kingdom 2002

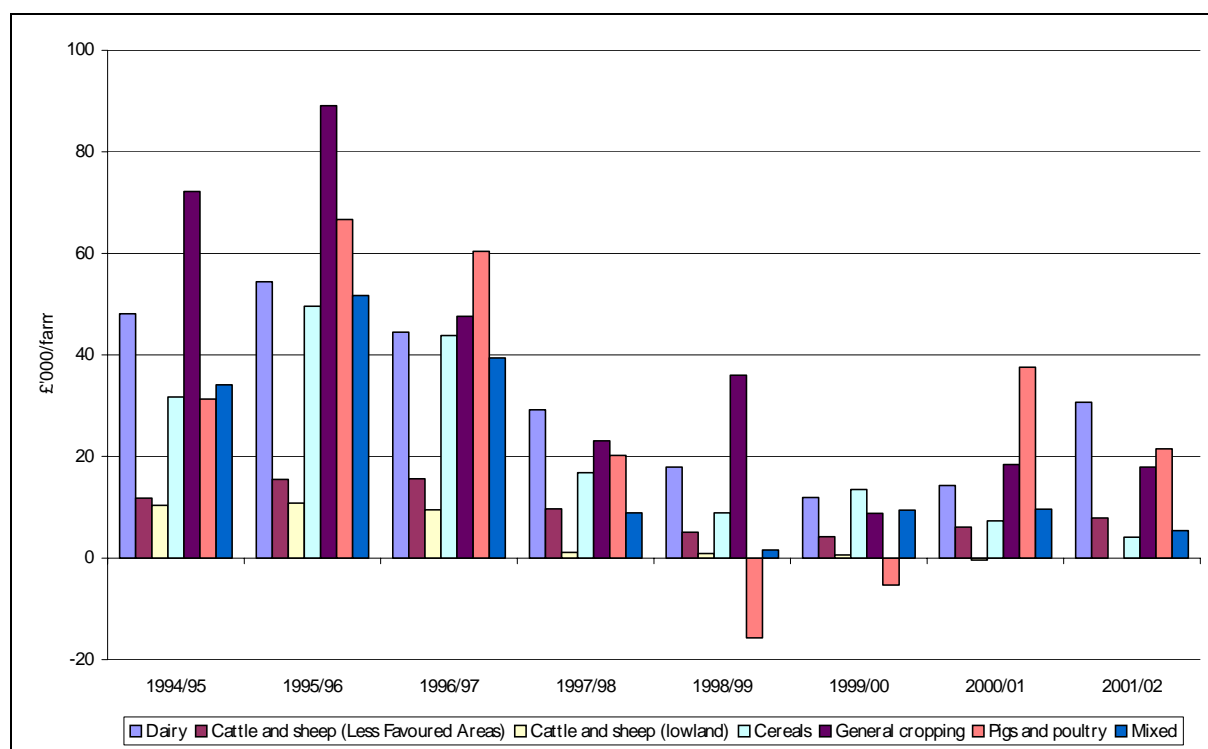


Figure A3.2: NFI (England) by type of farm 1994-2002 (£'000/farm), in real terms

Table A3.2: NFI (UK) by type of farm 1994-2002 (£'000/farm), in real terms

	1994/9 5	1995/9 6	1996/9 7	1997/9 8	1998/9 9	1999/0 0	2000/0 1	2001/0 2
Dairy	47.3	56.1	44.3	27.3	16.0	11.7	14.8	27.9
Cattle and sheep (Less Favoured Areas)	9.2	13.8	13.4	7.0	3.3	2.0	3.8	4.5
Cattle and sheep (lowland)	9.4	9.9	8.0	0.7	-0.3	-	-	0.8
Cereals	40.6	62.1	54.0	17.9	8.8	13.8	6.9	3.3
General cropping	89.5	101.2	51.2	21.7	36.8	8.2	19.1	15.7
Pigs and poultry	31.7	65.3	57.8	19.2	-18.6	-4.8	33.9	19.4
Mixed	38.4	54.5	40.6	6.1	1.4	5.9	8.9	6.3
All types	37.1	48.1	36.7	15.5	10.0	7.3	9.0	11.0

Source: Defra, Agriculture in the United Kingdom 2002

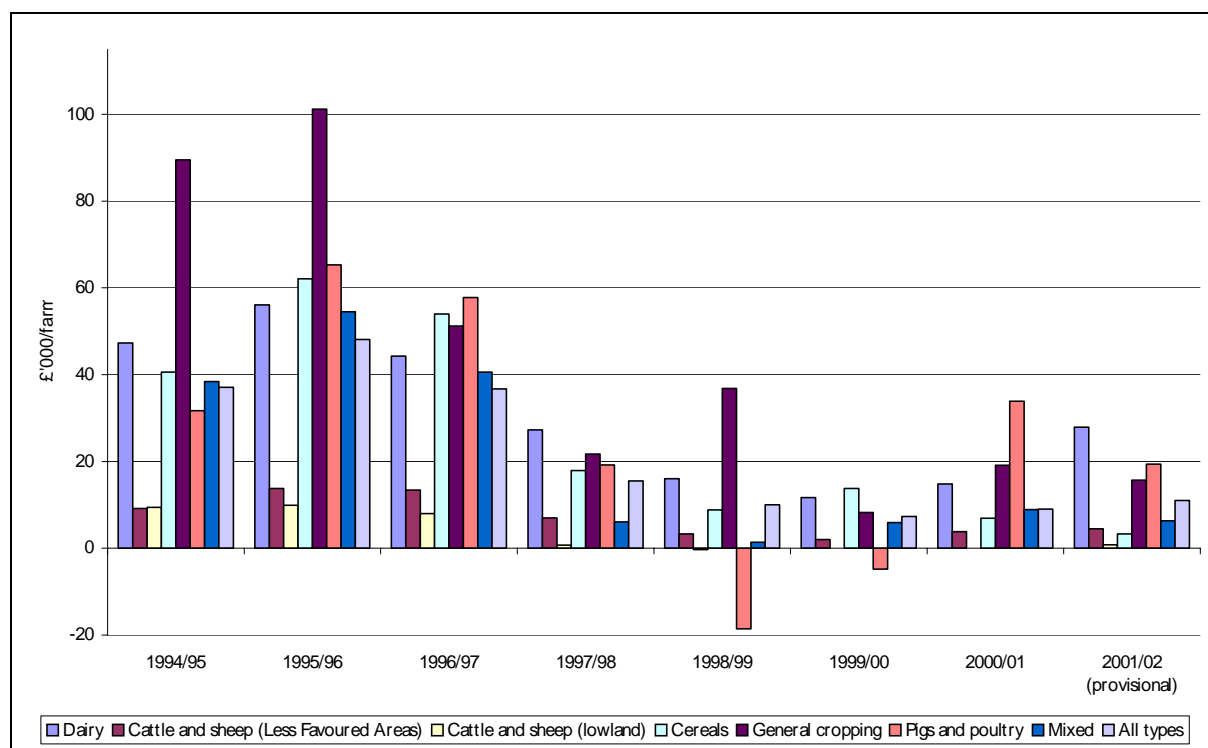


Figure A3.3: NFI (UK) by type of farm 1994-2002 (£'000/farm), in real terms

Total Income from Farming²⁰ (TIFF) in the UK shows a similar trend with income declining from the mid-1990s until the end of the decade, when income levels rose again, although they remained more than 50% below the figure from 1994/95 see Figure A3.4.

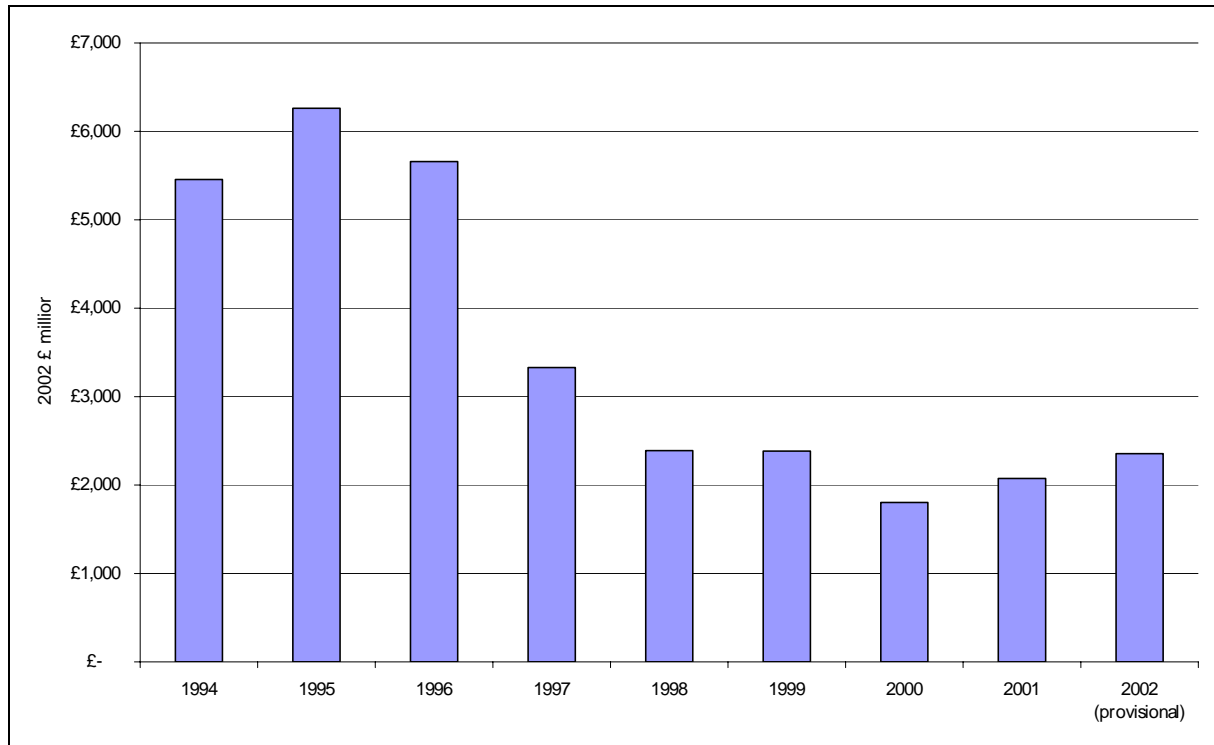


Figure A3.4: TIFF in the UK (in real terms, 2002 prices, £ million)

Source: Defra, Agriculture in the United Kingdom 2002, derived from the aggregate Economic Accounts for Agriculture

²⁰ Total Income from Farming (TIFF) represents business profits plus income to farmers, partners and directors and those with entrepreneurial interest in the business and is constructed in accordance with internationally agreed national accounting principles.

A3.3. Output prices

Producer prices trended downwards between 1995 and 2002 for the major commodities with the exception of fresh vegetables. A series of producer price indices is presented in Figure A3.5.

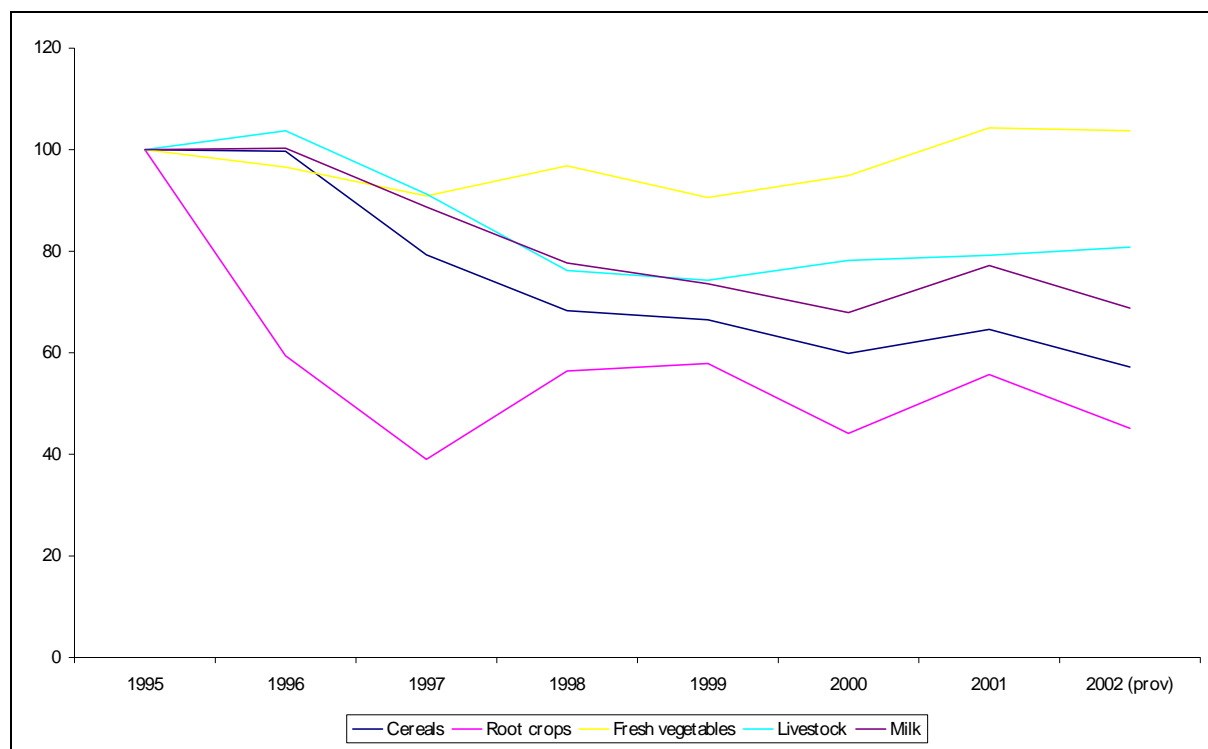


Figure A3.5: Producer price index for selected commodities (1995-2002)

A3.4. Farm structures

In the period 1995-2002, the number of farm holdings in England declined by 19% across the sector (see Figure A3.6). The decline in the number of holdings, (see Table A3.3), was most noticeable for the small and medium size categories (defined according to Economic Sizes Units (ESU), the EU standard measurement of economic farm size²¹). The largest decline in holdings was in the general cropping sector (33% over the period considered), whilst the number of cereal holdings was virtually unchanged. The decline in the number of holdings in the other sectors was fairly similar at around 13% to 15% between 1992 and 2002.

²¹ Defra also collect data on 'very small' farms – these are farms less than 8 ESU (i.e. with very small Standard Gross Margins) and can be considered as in the vast majority inactive. The tables and figures in this section thus exclude this category.

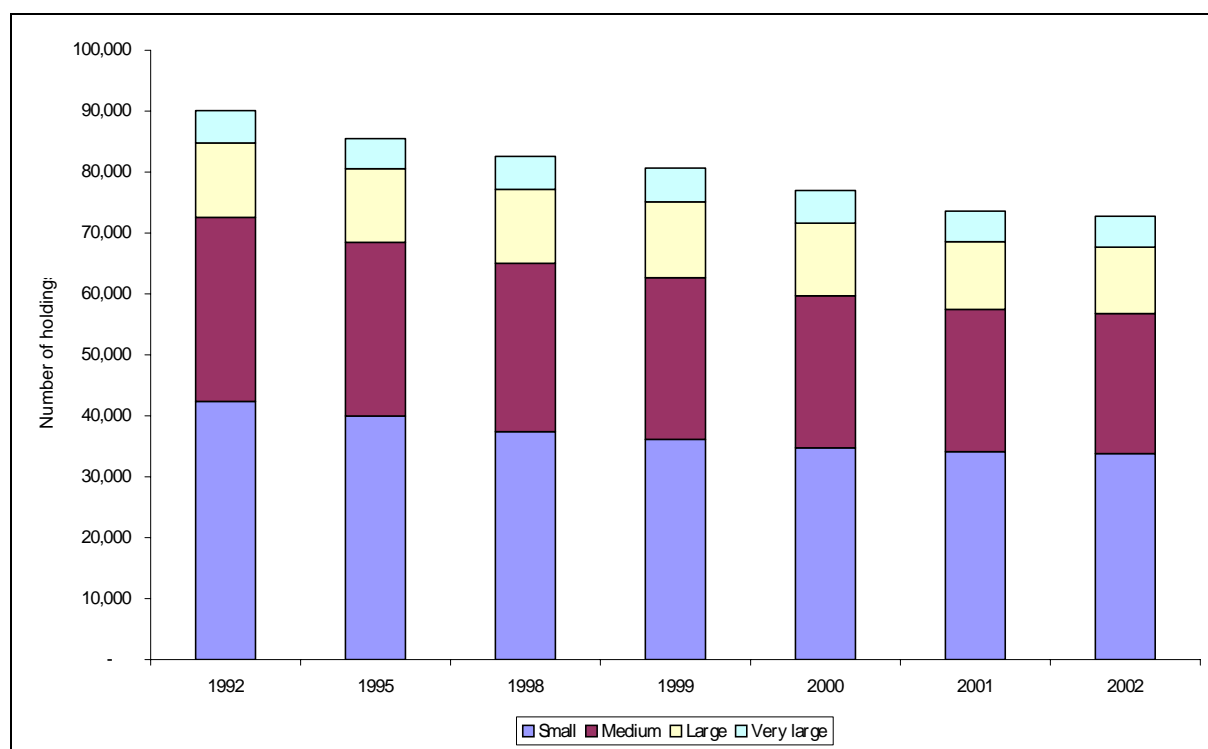


Figure A3.6: Number of holdings in England by ESU (1992-2002)

Table A3.3: Evolution of holding numbers by sector

	1992	1995	1998	1999	2000	2001	2002
Cereals	17,147	16,344	17,992	17,477	17,368	17,331	17,498
General cropping	12,669	12,093	10,485	10,485	9,110	9,197	8,487
Horticulture	6,515	5,626	5,817	5,692	5,365	5,260	5,522
Pigs and poultry	3,357	3,007	3,243	2,967	2,950	2,995	2,913
Dairy	15,980	14,771	13,642	15,980	14,771	13,642	13,792
Cattle and sheep in Less Favoured Areas	6,764	6,290	6,261	6,178	5,798	5,534	5,805
Cattle and sheep in lowlands	11,684	12,065	11,635	11,877	11,826	10,253	10,039
All farms	90,085	85,495	82,569	80,636	76,980	73,595	72,758

Source: Agriculture in the UK 2002, Defra, (<http://statistics.defra.gov.uk/esg/publications/auk/default.asp>)

Note: All farm total includes sectors not presented separately and hence is not the sum of the column above.

A3.5. Farm diversification

The most recent piece of research on this subject was commissioned by Defra from the University of Exeter and published in 2002. The study ([Farm Diversification in England 2002²²](#)), carried out a survey to assess the nature and extent of diversification across farm holdings in England.

The main points to emerge from the study are discussed in the sub-sections below.

A3.5.1. Nature of diversification on farm holdings in England

Across England, almost 60% of holdings are engaged in diversified activity. There were strong regional variations between the North West that had the lowest level of diversification (48%) and the South East that had the highest (78%).

Key points were:

- the average diversified enterprise showed a net profit of approximately £9,500 per farm in 2001;
- larger farms were more likely to be involved in diversification, owner occupiers are less likely to be so, whilst tenanted holdings are the most heavily involved; and,
- diversification is significantly more common on 'cereals', 'general cropping' and 'mixed farms', whilst notably less common on 'dairy' and 'cattle and sheep (LFA)' farms, and on 'other types'. These findings are consistent with previous studies.

A3.5.2. Trends in diversification

Results were compared with those from a similar survey undertaken in 1989. On this basis, the 2002 study was able to identify the following trends in the scale and nature of diversification over the 1990s. The main points were as follows:

- there was a substantial increase in the proportion of holdings engaging in diversified activity between 1989 and 2002;
- the proportion of all farms engaged in diversification activity rose over the 13 year period with a marked increase in the proportion of diversified holdings engaged in two or more enterprises rising from 30% to 50%. This suggests a 'deepening' of diversification in the farm sector;
- the degree of increase in diversification has not been evenly distributed with larger farms more likely to be diversified. This tendency is much more pronounced in 2002 than in 1989; and,

²² <http://www.defra.gov.uk/esq/reports/farmdiv/default.htm>

- the proportion of respondents planning to introduce new activities has remained at around the same level, while the number of those planning to expand existing activities has fallen.

Appendix 4: Classification of Action Points by type and action

The APfF comprises a group of 63 widely varying Action Points. In order to carry out the meta-evaluation these were split into four types and within this five policy areas, as follows:

Type of Action

- measures (points with specific actions and involving new or increased expenditure) – 26;
- endorsements (points which endorse existing policies within and outside Defra) – 7;
- aspirations (points which may come to fruition, although are not entirely in Defra's control) – 5;
- good governance (points which we believe that a good government should be undertaking in any case) – 24.

Policy areas

- overarching issues;
- improving farm income and performance;
- rural development;
- improving marketing of UK produce; and,
- minimising costs and bureaucratic burdens.

The following sub-sections list the action points classified as measures, endorsements, aspirations and good governance. In each case the action points are split according to policy area.

A4.1. Measures

Twenty-six points under the Action Plan are classified as measures in that they make provision for a new initiative that goes beyond basic good governance. They entail a cost to the government and provide an action that can be evaluated in terms of whether it met its objective.

Table A4.1: Over-arching issues

Number	Measure	Comments
1	The Government will involve representatives of the industry and other interested parties in developing and implementing the Action Plan, and will take part in the initiatives of other parties wherever appropriate.	This is almost a mission statement for the Action Plan rather than a point within it. Assuming that this facilitates the Action Plan as a whole then it will have long-term economic and administration benefit for the whole sector.
18	Continued support for the Rural Stress Information Network by extending for at least a further year the secondment of a MAFF official. MAFF will increase the provision of free advice to farmers referred. Government will increase support to voluntary bodies dealing with rural stress on the basis of an action plan it will draw up with them by June.	Potential long-term benefit for the funded groups (assuming additional funding is maintained). There should also be an indirect economic benefit to farmers through cost savings.
50	The Government will pump-prime the drive to improve the competitiveness of farmers by providing funding for business improvement, on a challenge basis, using the Agricultural Development Scheme '99 model.	Long-term indirect economic benefits for farmers through (potentially) both cost reduction and revenue enhancing means. The direct beneficiaries are the organisations receiving the money.
53	The Government will help farmers develop better business practices through tailored Business advice.	Short-term (time-limited) economic benefit for the providers of business advice to farmers. Indirect economic benefit through cost reduction for farmers may be long-term depending on the advice.
55	Launch an electronic portal for farming.	The direct beneficiaries will be the consultants setting up the portal, but there could be long-term economic benefits to farmers and the wider rural economy through both cost reduction and revenue enhancement.
61	The Government will provide £1 million over the next 18 months for knowledge transfer to improve the flow of outputs from research to the agricultural industry. Government will work with industry to identify immediate needs. Knowledge will be transferred through the Internet, road shows, publications, seminars and special interest groups.	The direct beneficiaries are the research organisations receiving the money, but assuming that the disseminated research is useful, there should be long-term economic benefits to farmers through both cost reduction and revenue enhancement.

Table A4.2: Improving farm incomes and performance

Number	Measure	Comments
2	Introduce a scheme to encourage the restructuring of the pig industry in order to improve its long-term viability.	Economic impact in terms of increasing revenue for farmers and reducing costs. Short and long-term impacts.
3	Pay to dairy farmers all the agrimonetary aid that EU rules permit this year only.	Short-term economic impact through increasing farmer revenue.
4	Pay agrimonetary compensation to beef farmers of £22 million this year only.	Short-term economic impact through increasing farmer revenue.
5	Pay agrimonetary compensation to sheep farmers of £22 million this year in respect of 1999 scheme year claims.	Short-term economic impact through increasing farmer revenue.
6	Remove charges for dairy hygiene inspections in England as soon as the necessary legislation can be put in place.	Long-term economic impact through cost reduction for farmers. This measure also has a role in minimising costs and bureaucratic burdens.
7	Increase support for hill farmers beyond the level specified in the rural development plans submitted to the Commission.	It is unclear whether this intervention will entail a long-term economic impact for farmers through increasing revenue or whether the payments made are increased only in the short-term. In its anticipation of the RDP this measure also has a rural development role.
8	Seek from the Commission an increase in the maximum weight per animal on which compensation is payable under the Over Thirty Months Scheme.	Long-term economic impacts for farmers through increasing revenue.
15	The Government will double the RDA's RBG programme to £8 million in 2000/01.	Short-term economic impact through reducing costs to farmers.
21	IPPC Costs: Initial permit charge should be less than half that originally proposed in interim with expectation that a similar order of relief will carry through to the main charging scheme.	Long-term cost saving economic impact for farmers.
24	Increase the rate of grant under MAFF's Farm Waste Grant Scheme from 25% of eligible expenditure (under which uptake has been low) to 40%.	Long-term economic impact on farmers through cost reduction.
33	The Government will work for the reduction of scrapie in sheep. Objective of making a start this year (2000) with a voluntary scheme for breeding based on ram genotyping.	Long-term economic impact for farmers through cost reduction.

Table A4.3: Relating to rural development

Number	Measure	Comments
11	The Government will introduce a free consultancy service available to any farmer who wishes to seek approval from the planning authorities for a diversification project under the England Rural Development Plan.	It is unclear whether this intervention is time limited, under the assumption that it is not, it will have a long-term economic impact on farmers through reducing costs. This measure also contains an element of improving farmer income through cost savings, although this does not appear to be the main objective.
19	The Government will allocate £2.3 million to create in England a European Centre for organic fruit and nursery stock.	Long-term indirect economic impact on the sector, possibly through both revenue enhancement and cost saving. However, the long-term sustainability is questioned on the grounds that if this were commercially viable then the private sector would have already created it.
29	IACS: Field Margins. We will work with the Commission to find a permanent solution to this problem.	Long-term economic impact on farmers through increasing (or rather maintaining current) revenue.
58	A pilot project has been launched at Kington in Herefordshire to bring together a range of partners to promote the use of IT in a rural setting.	Possible long-term economic impact on farmers through cost reduction. More importantly will have a positive impact on social exclusion and isolation. This measure can also be seen as an overarching one transcending the classification.
60	The Government will provide funding of £1.2 million to Lantra (National Training Organisation for the Landbased Sector) to promote the economic benefits of training and to analysis the training needs of 20,000 farm businesses.	Long-term economic impact through cost saving, however, the beneficiary seems to be LANTRA rather than farmers directly.

Table A4.4: Improving marketing of UK produce

Number	Measure	Comments
51	Government will continue working with the NFU to encourage collaborative marketing through their joint Building Business Advantage initiative.	Short-term intervention, although there could be a long-term economic impact. The direct beneficiaries are show promoters, although farmers could be indirect beneficiaries through either cost reduction or increased revenues.

Table A4.5: Minimising costs and bureaucratic burdens

Number	Measure	Comments
20	IPPC implementation will now take place in 2007 for [existing] poultry and pig installations.	This change in administration timing will have an economic impact through providing a short-term cost saving to farmers
27	Charges under Groundwater Regulation: a single charge, equivalent to the current application charge of £85, should cover the full four-year period of the initial authorisation.	There will be a long-term economic benefit to farmers through cost saving.
35	Hold the increase in meat inspection charges for 2000/01 to the rate of inflation.	Short-term (one year only) economic cost reduction measure with an impact on slaughterhouses.
37	Where it is economically beneficial to the plant, Official Veterinary Surgeons should carry out post mortem inspection of carcasses (including monitoring of SRM controls) rather than meat inspectors.	Long-term economic impact through cost reduction to benefit slaughterhouses.

A4.2. Endorsements**Table A4.6: Over-arching issues**

Number	Measure	Comments
49	The Government welcomes the strong commitment shown at this summit by the major supermarkets to British agriculture.	Endorsement of multiple retailer expression of support to UK agriculture.

Table A4.7: Improving farm incomes and performance

Number	Measure	Comments
43	The Government will support the expected European Commission proposal for an EU-wide ban on sow stalls.	Having already implemented a unilateral ban on sow stalls, this Commission proposal would recreate a level playing field and as such would increase UK competitiveness vis-à-vis other EU pig producers.

A4.3. Relating to rural development

No endorsements relating to rural developments.

Table A4.8: Improving marketing of UK produce

Number	Measure	Comments
47	The Government welcomes the major supermarkets' commitment to develop, with the IGD, a code setting out and encouraging best practice in supply chain relationships.	Endorsement of the voluntary best practice code for multiple retailers.
48	The Government welcomes the NFU's proposal to bring existing farm assurance schemes within a single structure, and their launch today of the associated "British Farm Standard" mark.	Endorsement of the "British Farm Standard" mark.
52	Countryside Agency, will work with others to develop projects to help consumers appreciate the contribution they make, and to disseminate market knowledge of the many excellent regional farm produce now available.	Endorsement of the Countryside Agency's "Eat the View" marketing initiative.

Table A4.9: Minimising costs and bureaucratic burdens

Number	Measure	Comments
36	Implement the recommendations of the Red Tape Review Group on the meat industry.	Effectively endorses the recommendations of the review.
44	The Government is pushing ahead with implementation of the recommendations of the Red Tape Review Groups on the Meat Industry (see 36), IACS and Intervention.	Further endorsement of the Red Tape Review Group recommendations.

A4.4. Aspirations

Table A4.10: Over-arching issues

Number	Measure	Comments
62	The Government will work closely with our partners in Europe and the European Commission to secure further market-orientation of the CAP to the benefit of UK farming as well as consumers and taxpayers.	Should the CAP become more market orientated it is widely held that UK farmers will be amongst the winners. The consumer and taxpayer would certainly receive long-term economic benefits through cost reductions.

Table A4.11: Improving farm incomes and performance

Number	Measure	Comments
23	Aim to secure at EU level a derogation to allow a higher limit for nitrates on grassland.	Whilst this aspiration may ultimately lead (or have led) to a derogation, it is not in the government's power to secure the higher limit. If this is successful, it could lead to a long-term economic benefit to farmers through revenue enhancement.
25	Pursue contacts with other Member States with a view to securing proposals to relax the requirements of the Nitrates Directive.	Should this aspiration lead to a relaxing of the requirements it would provide a long-term economic benefit to farmers through allowing increases in revenue.
38	The Government will press for animal welfare to be addressed in the WTO negotiations starting this year.	Very much outside the government's control, if animal welfare were to be addressed within the WTO it would level the playing field between EU producers and third country producers thus improving the competitive position of EU producers in the long-term.
40	Press EU to allow assistants to substitute for veterinarians in inspection tasks in areas where it is appropriate.	Should this aspiration result in legislative changes there would be long-term economic benefits to the industry through cost reductions.

A4.5. Good governance points**Table A4.12: Improving farm incomes and performance**

Number	Measure	Comments
16	Public consultation on proposals to extend rate relief to other horse enterprises linked to farms. Will require primary legislation.	Consultation is an important part of a democratic government and is therefore to be expected. Rate relief represents an increase in revenue for farmers.
32	Look at ways of developing the scope for beef exports in line with the improving BSE situation in the UK. Initiated discussions with the Commission with a view as a first step to relaxing the ban on exports of beef from Northern Ireland in recognition of its particularly low incidence of BSE. Also proposed to commission ways in which exports of tallow and tallow derivatives can be re-started. Will consider carefully whether any additional measures would be necessary to safeguard the position of abattoirs exporting beef from Great Britain.	The beef sector would naturally look to the government to help develop export markets after BSE. The government is also the appropriate body to hold these political negotiations. Re-establishment of export markets should allow farmers to increase revenue. This measure could also be said to contribute to improving marketing.
54	The Government will explore, in collaboration with industry representatives, the contribution which insurance and other	Moving farmers away from reliance on public money to assist them in times of crisis and towards market mechanisms will

	market-focused mechanisms can make to help farmers manage market risks so as to achieve greater stability of their incomes.	reduce the demands on the Treasury allowing this money to be used for other purposes. This is therefore sensible governance.
63	Working Families Tax Credit for Farmers.	Making taxpayers aware of their entitlements is expected of governments.

Table A4.13: Relating to rural development

Number	Measure	Comments
9	The Government gives a commitment to open all new ERDP schemes to applicants as soon as it receives European Commission approval, expected in July.	It is difficult to see how the government could take a different line on this.
10	Government will publicise the ERDP schemes widely to ensure farmers are aware. Will seek views of all interested organisations on scheme details, and discuss these through new regional and national consultation fora. Will write to every farmer. Farmers will describe benefits at the Royal Show and experts from MAFF and FRCA will give advice at agricultural shows. Forestry Commission exhibits and Ministerial visits will draw attention to the increased support for farm woodlands.	Whilst the government may not necessarily go to any great lengths to publicise schemes that are available, one imagines that they would attempt to spend the money or face budget cutbacks in future years.
12	The Government will produce a new advisory booklet on farm diversification, including basic guidance on planning issues and requirements.	It would seem a sensible means of ensuring scheme participants have a good chance of success, but no more than any good government should be doing.
13	The Government has assigned the Ministry of Agriculture, Fisheries and Food responsibility for working with the horse industry to help develop its potential for rural-based employment.	It is not clear where responsibility for the horse industry used to reside, but it would seem appropriate that the ministry responsible for rural issues has this remit.
14	The Government will revise planning guidance to give clear encouragement to diversification (for example to re-use redundant farm buildings and to encourage small-scale horse enterprises on working farms).	If the government is trying to facilitate diversification through grant aid schemes, then it is essential that there are not policies which counteract this initiative. This would seem to be an example of coherence that could be described as "joined up government" and could therefore also be categorised as providing better regulation.
17	Consider ways of fulfilling the roll-out of mobile phone networks in rural areas while keeping environmental intrusion to a minimum and taking account of the recommendations of the forthcoming report of the Independent Expert Group on Mobile Phones.	Having set up an independent expert group it would appear sensible to take account of its findings. Managing the trade of between making resources available and safeguarding public goods is a function of good governance.
59	Research has been commissioned into	If a government is trying to promote the use

	farmers' use of, and needs for IT support.	of IT it is essential to be appraised of the needs of various groups in order to better target policy.
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A4.6. Improving marketing of UK produce

There are no points of good governance with a primary objective of improving the marketing of UK produce.

Table A4.14: Minimising costs and bureaucratic burdens

Number	Measure	Comments
22	Nitrates Directive Implementation. Consult on new proposals consistent with the UK's obligations. Will work with industry on measures to alleviate the burden, such as nutrient budgets; in setting the date for implementation in the new zones, we will give farmers as much time as possible to adapt to the new requirements; designate new areas only on the basis of sound science and the contribution of agriculture to the overall problem.	This change to administration timing removes the prospect of UK farmers being forced to adopt EU legislation with cost implications ahead of farmers in other Member States. In a single market so-called 'gold-plating' of EU regulations puts domestic producers at a disadvantage and should therefore be avoided in the natural course of governance.
26	Consult in autumn 2003 on the controls necessary under the Waste Framework Directive for agricultural waste in England and Wales.	A good government should consult widely with relevant parties before implementing legislation.
28	The Government will initiate a regulatory review by the Better Regulation Task Force of the environmental regulations with particular reference to farmers.	Regulations should always be as parsimonious as possible and regular reviews of legislation should be under continual review in any case.
30	FSA will submit a published report to the UK Health and Agriculture Ministers by 31 October 2000 (if BSE inquiry permits) to review the current main measures to protect the public against BSE/vCJD in relation to the food chain.	Protecting public health is a function of government and reviews of measures necessary to ensure that public health is protected should be an on-going process.
31	Review by Sir Robert May (the Government's Chief Scientific Adviser), Professor Liam Donaldson (Chief Medical Officer for England) and Sir John Krebs (Chairman of the Food Standards Agency) of the principles and procedures of risk assessment used by the Government's scientific committees that deal with food safety.	Risk assessments are the basis for legislation in this area and reviewing this process periodically to ensure that it leads to appropriate legislation is a function of good governance.
34	FSA will commission an urgent independent review of the Meat Hygiene Service's efficiency.	The efficiency of organisations such as the Meat Hygiene Service should be carried out periodically as part of good governance.

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39	Commission to review EU meat hygiene legislation.	Reviews of EU legislation should take place, although preferably before they are agreed.
41	Task force to examine alternative approaches to the charging for meat hygiene inspection, in response to the concerns of small and medium sized abattoirs.	A good government should listen to the concerns of various sectors.
42	The Government will review the scope for veterinarians to be replaced by properly trained and regulated para-professionals in certain activities, which the Veterinary Surgeons Act 1966 currently requires be carried out only by a vet.	Reviews of legislation more than 35 years old probably ought to be carried out where it is possible the legislation is no longer appropriate.
45	The Government will maintain a rigorous scrutiny of regulations. MAFF has further reviews under way, with full involvement as stakeholders, of a wide range of activities, including rules on animal welfare, review on organic food standard arrangements, animal medicines, pesticide approvals and the Agricultural Wages Board.	A good government should always maintain a rigorous scrutiny of regulations.
46	The Government is initiating a new independent review of dispensing by veterinary surgeons of prescription only medicines to reduce costs to farmers.	?
56	Make all MAFF forms available electronically by the end of the year.	Given the benefits of using computers including the opportunity to reduce costs through using information technology it is incumbent on governments to facilitate their use.
57	Farmers will be able to submit electronic claims for IACS in 2001 and all subsidy claims by 2002.	Given the increasing use of computers it is important that the government allows their use in respect of claims.

Appendix 5: Summaries of formal evaluations

This Appendix presents summaries of the four formal evaluations of Action Plan measures that have taken place. These cover:

- the Agricultural Development Scheme (AP50);
- the Pig Industry Restructuring Scheme (AP2);
- the Farm Business Advice Scheme (AP53); and,
- the Knowledge Transfer Scheme (AP61).

A5.1. Agricultural Development Scheme²³

A5.1.1. Introduction

The evaluation project investigated rounds 1 and 2 of the Agriculture Development Scheme (ADS) covering the period November 1999 through to November 2001. The Agriculture Development Scheme is a non-capital grant scheme designed to help farmers and growers in England improve their competitiveness through better marketing. It has been used to address particular situations in the industry. The first round had as a priority those sectors in economic difficulty that did not benefit from the September 1999 aid package, thus targeting primarily pigs. The second round was a bridging measure pending the introduction of the England Rural Development Programme (ERDP). Grant is available to support non-capital costs, including salaries and overheads. In the first two rounds, the scheme was open to industry bodies and organisations and partnerships of producers or companies, but not to individual producers or companies.

A total of £5 million was made available for the first two rounds of ADS. The ADS was heavily over subscribed under both rounds with 79 bids finally accepted out of a total of 314 applications. There have been a further three rounds of ADS launched in 2001, 2002 and 2003.

The scheme's objective was to improve the competitiveness of the agri-food industry.

A5.1.2. Economic rationale for public sector support

A concern to improve competitiveness, for example by enabling producers to meet specification better and through improving responsiveness and efficiency of the supply chain, underlies the provision of grants under the ADS. The rationale for public sector intervention is two-fold: to enable the rural community to have effective

²³ Evaluation carried out by the University of Reading and ADAS, 2003.

control over its assets, and to reduce the transaction and information costs that may otherwise inhibit competition. There are barriers to collaboration, especially the cost of gathering information and creating partnerships. By stimulating collaborative activity, ADS rounds 1 and 2 incentivised the reduction of these market failures.

A5.1.3. Main impacts

Beneficiaries of the scheme replied to the evaluation survey indicating the following impacts of the scheme:

- improved volumes or values for produce leaving primary producers (39%);
- higher values for farmers and growers for their produce (52% of respondents);
- existing markets of farmers and growers secured (36%);
- scheme enabled the business to grow (60%);
- helped develop new markets (57%);
- sustainable employment creation (case study); and,
- expansion of trade associations which provide information to producers entering new marketing channels (case study).

A5.1.4. Effectiveness

- Approximately one third of applications were approved. Of these successful applicants, 80% thought that the scheme was effective in meeting its objective.
- The administrative cost of the scheme was estimated to be 6% of payments to beneficiaries.
- Sixty four percent of beneficiaries reported that they would have gone ahead without the stimulus of the scheme (i.e. there was some deadweight). A further 36% reported that they would have gone ahead on a smaller scale and as a result might not have been as effective. This suggests some additionality.
- Among unsuccessful applicants there were 10% who went ahead with the project in spite of not receiving funding, suggesting that Defra removed at least some of the deadweight. On this basis the evaluators concluded that deadweight was low.
- The evaluation did not detect any displacement effects.

A5.1.5. Conclusions and Recommendations

- The scheme produced examples of good practice.
- The scheme increased collaboration between applicants to the scheme.
- The name of the scheme should be more informative.
- The minimum size of each grant should be increased to reduce administrative costs.

- Defra staff with specialist knowledge should take a more managerial role in the scheme.
- The scoring system for applications should be revised.
- The application process should include the option of an Expression of Interest so that applicants can gauge Defra's opinion on the application prior to proceeding.

A5.2. Pig Industry Restructuring Scheme²⁴

A5.2.1. Objectives of the scheme

The Pig Industry Restructuring Scheme (PIRS) was introduced by Defra in response to a perceived crisis in the UK pig sector. The objectives of the scheme were:

- to reduce breeding capacity (by 16% compared to June 1998);
- to reduce costs;
- to overcome any competitive disadvantage; and,
- to restore long-term viability in order to provide a more sustainable foundation for the UK pig industry in the future.

The *Ongoers* scheme aimed at restoring the industry's sustainability by providing an incentive for investment in pig facilities (through an interest rate rebate) on the basis of bank-approved business plans.

The *Outgoers* scheme aimed to facilitate structural change and thereby rationalise the industry by providing an incentive to farmers to leave the pig sector for a minimum period of 10 years.

A5.2.2. Economic rationale for public sector support

The industry suffered from a problem of over-supply depressing producer prices in 1998/99. The high value of Sterling and over-supply on the EU markets compounded this problem. Producers also faced a concentrated processing and retail sector.

Justification for intervention in the sector is based on the market failure argument that there was a need within the UK pig industry for far more effective links and better integration between different segments of the pig meat supply chain. Further justification is made on the grounds of the unilateral stall and early tether ban and other legislation that imposed compliance costs on the industry.

A5.2.3. Main impacts

²⁴ Evaluation carried out by Agra CEAS Consulting/IC Consultants and Imperial College, Wye, 2002.

Ongoers scheme

Beneficiaries of the *Ongoers* scheme replied to the evaluation survey indicating the following impacts of the scheme:

- capital investments for welfare purposes (23% of respondents);
- genetic improvements (22%);
- reduced staff numbers (14%);
- joined Assured British Pigs (14%);
- changed market outlet (10%); and,
- used different breeds after acceptance (10%).

Outgoers scheme

The evaluation concluded that there was a strong possibility of deadweight in the *Outgoers* scheme.

A5.2.4. Effectiveness

Ongoers scheme

- it was cost-effective for small producers, but not necessarily large ones, due to requirement of large producers to decommission 16% of breeding capacity (under EU state-aid rules);
- the supply of value added producers was undermined by the State Aid rules deterring large producers;
- the scheme was not perceived to provide a cost-effective mechanism by which to facilitate the removal of excess capacity from the UK pig industry.

Outgoers scheme

A large proportion of the budget for PIRS *Outgoers* was paid to producers who had already left the industry and who would probably not have re-entered it. This indicates a large deadweight element to the scheme. The scheme was not therefore a cost effective mechanism by which to facilitate industry consolidation.

A5.2.5. Conclusions and Recommendations

Ongoers scheme

- The case for government to facilitate intervention is not clear, although it was appropriate that given the crisis in the industry and limited market failure that there was some form of assistance.
- EU state-aid requirements may have deterred producers with more than 10 employees from entering the scheme as they were required to reduce their breeding capacity by 16%. This requirement therefore potentially deterred the largest (and therefore probably the most efficient) pig producers. Assisting smaller and thus less efficient producers could have been counter-productive.

- A larger proportion of *Ongoers* (40%, albeit from a small sample) would appear to have used the scheme simply to restructure their debts.
- It is unlikely that the scheme made an impact on producers' incomes.
- PIRS reduced the breeding capacity for larger *Ongoers*. The industry is now well placed to increase indoor breeding sow capacity should the market suggest that this would be profitable.

***Outgoers* scheme**

- There was a significant amount of deadweight with regard to the *Outgoers* scheme in that 53% of respondents to the survey had already ceased pig production when they applied successfully to PIRS. An additional 10% indicated that they would have left the sector irrespective of the result of their application.
- PIRS does not appear to have made a positive impact on production costs.
- Approximately 35% of investments to *Outgoers* represented deadweight in terms of money spent through PIRS that went to producers who had already left the sector.
- As a consequence of the bidding process, the more highly skilled and innovative producers with more flexible facilities exited the sector leaving behind those less able to do anything else. This is therefore likely to have worked against the objectives of the scheme in terms of restructuring the sector.
- The administrative efficiency could have been better [Note: *This point is contested by Defra, at least as far as it relates to the last 18-24 months*].
- There was confusion on the part of the producers as to why they would only receive 60% of the bid that they made. This confusion should have been avoided.

Contribution to the Action Plan for Farming

The PIRS is clearly consistent with the first objective of the Action Plan for Farming, namely to provide relief to the hardest hit sectors and to ease the process of change that these sectors face. The second, third and fifth objectives (using the England Rural Development Plan to steer the industry, meeting safety objectives and ensuring that the government works towards a more market oriented CAP within the EU) are not relevant to the PIRS. The fourth objective, to ensure that the government, farmers and the food industry work together to improve profitability in the industry is not addressed through PIRS and perhaps should have been.

On this basis, the PIRS fits reasonably well within the Action Plan for Farming's overall objectives where these are relevant to the pig sector. However, the failure to address the fourth objective represents a missed opportunity.

A5.3. Evaluation of Knowledge Transfer Projects²⁵

A5.3.1. Objectives of the scheme

In response to the perceived crisis in UK agriculture, 'A Strategy for Agriculture - An Action Plan for Farming', (MAFF, 2000) outlined a series of interventions to improve the profitability of UK agriculture, including Knowledge Transfer (KT). A competitive call was issued and three separate consortia were selected to implement the three KT projects: livestock and arable by ADAS, horticulture by Reading University. The initiative was funded for a 15-month period from 1 November 2000, with a three month extension granted at no extra cost in view of the disruptions arising from the outbreak of FMD. The total value of the three contracts was £1,000,000: £400,000 for livestock, £330,000 for horticulture and £270,000 to the arable sector projects.

A5.3.2. Economic rationale for public sector support

The intervention was based on the assumption that many producers are not benefiting from the wealth of agricultural scientific research undertaken. Three sectors were targeted for the scheme: arable, horticulture and livestock.

A5.3.3. Main impacts and effectiveness

Livestock KT

The livestock sector is the largest in the UK in terms of land area and output value and is composed of a number of distinct sub-sectors including dairy, beef, sheep, layers, pigs and table poultry. Many livestock farmers have small-scale enterprises and depend on subsidies in order to remain operational. The project, 'Livestock KT', employed a strategy that focused on preparation and distribution of 'Fact Sheets' addressing key technical issues in each of the sub-sectors. The evaluations overall conclusion is that Livestock KT's approach to the identification of farmer's key technical problems and their solution was reasonably strategic and thorough. The fact sheets provided advice in an appropriate form for small and less efficient businesses, however, more emphasis should have been given to using additional means of disseminating information. The project was not successful at reaching the end users, and not sufficiently effective in reaching intermediate users. There are inherent factors in the livestock sector which constrain access to technical information, particularly within the short life span of this KT project. Thus the work started, including the consultation mechanism developed, provides the basis on which to build future technical dissemination in this sector.

Horticulture Sector

²⁵ Evaluation carried out by Natural Resources Institute, 2003.

Horticulture is a distinct, virtually subsidy-free sector, characterised by its diversity, with many discrete sub-sectors including: nursery stock, top fruit, soft fruit, protected crops, herbs, hops, mushrooms, field vegetables, salad crops, flowers and bulbs. Some of these are buoyant while others are in a depressed state. The evaluation found that 'HorTIPS' (as the project branded itself) worked very well, fulfilling its contractual obligations. Products developed were generally of a high technical standard and (compared with the other two KT projects) reached a fair proportion of end and intermediate users. However, insufficient attention was given to client characterisation and establishment of consultation mechanisms at the start of the project, affecting the targeting of products and response to problems arising during the project. In contrast to the other two projects HorTIPS provided information to users, rather than advice. Future KT initiatives in this sector should have adequate mechanisms to interpret and support the information provided. There is a need for continuing support for knowledge transfer to the horticultural sector and HorTIPS is well placed to provide KT services. Any further funding should be conditional on clear strategies and expertise in place for addressing the points raised in this evaluation.

Arable Sector

The arable sector is relatively homogenous in terms of the type of crops grown and technologies used, with a trend towards larger holdings to capture economies of scale. Most arable farmers access advice from specialists, either independent advisers or trade-linked agronomists. 'Agriknowledge' (as the project was branded), set out to establish the immediate technical problems facing the arable industry in different regions in England and Wales and prioritise these in order to identify and disseminate technical benchmarks for the major arable crops and the key knowledge transfer areas. Dissemination of benchmarks to arable farmers was through the trade press, a website, a CD, a booklet and regional road shows. Planned outputs were delivered on schedule, with broad participation in priority setting, effective use of a wide range of technical sources and clear identification of the priority issues facing arable farmers. Technical products were judged to be of good quality and pitched at a level appropriate to the target audience. Established communication channels such as the farming press were used effectively. Due to weaknesses in marketing, the level of awareness of Agriknowledge and its products was very low (4%) in the arable farming population at large, but significantly higher (50%) among intermediate users. Future initiatives/funding should be conditional on very clear strategies for selective targeting of products, and for constructively engaging with the wide array of providers of technical knowledge and advice currently operating in the arable sector. There should be particular attention to engaging trade agronomists, near-market research and development agencies and local agronomy groups.

A5.3.4. Recommendations

Future KT initiatives supported by public funds should cover a longer time-frame and ensure adequate attention to:

- understanding the KT needs (information, advice, support) of different knowledge-user categories;
- tailoring KT products to these needs; involving knowledge-users in design, implementation and evaluation of knowledge transfer products and processes;
- negotiating collaboration with other service providers involved in KT;
- strong feedback and internal review mechanisms that enable response to user views and to changing circumstances;
- establishing a long-term relationship with users that instils confidence in the quality and continuity of the service;
- identifying a process for increasing the contribution of the industry to the funding of KT in ways that are inclusive and do not compromise the objectivity of information.

The evaluators also felt that a review of Defra's wider information role is desirable with the aim of more efficient provision of information to producers.

A5.4. Farm Business Advice Scheme²⁶

A5.4.1. Description and objective of scheme

The original FBAS (also known as the core service) is available to all farmers and growers who:

- farm in England;
- have a County Parish Holding (CPH) number; and,
- spend at least 75% of their working time on their core farming business.

The free service covers up to 3 days of an adviser's time during which they carry out an initial analysis of the business and develop an Action Plan for the business with the farmer/grower.

As a response to the Foot and Mouth Disease crisis, an enhanced FBAS was devised which covered up to 5 days of free advice. Any farmer in England who had stock compulsorily slaughtered as a result of FMD could receive this enhanced service even if they had previously received help through the FBAS.

²⁶ Evaluation carried out by the University of Cambridge, 2002.

A5.4.2. Economic rationale for public sector support

The main rationale cited for public intervention in the small business sector in general is the existence of market failure. Small firms experience adverse effects from market failures, some of which are external to the small firm sector itself, as well as aspects of market failure which are internally characteristic of the small firm sector. The report notes that external market failure occurs in property markets, labour and capital markets generally and small firms are more vulnerable than larger firms to these external market failures and have fewer options for avoiding their adverse effects.

In terms of internal market failure it is argued that failures occur on both the demand side and the supply side in small business support services. On the demand side small firms fail to recognise their need for information advice and business skills training, are not sufficiently aware of where to go to obtain services which are appropriate to them and do not appreciate the extent of the potential benefits to them. These factors distort and weaken the demand for small business support services. On the supply side, the lack of demand prevents the emergence of recognised private sector suppliers, resulting in higher unit costs of service provision than would be the case in a well developed market in which suppliers could reap the benefits of economies of scale²⁷.

In general, owners of small businesses have not typically received training in a wide range of business skills.

With respect to the agricultural sector in particular, the Government was concerned to ease the transition of farming towards a sector in which production is set within broader rural and environmental objectives. It is clear that the provision of advice is aimed at moving the industry in this direction.

The Action Plan also states that 'farms are diverse in terms of structure, business organisation and mix of farming enterprises. Farmers should be able to learn, develop and use new skills. Farmers must respond to markets like other businesses'. Therefore, there appeared to be a perception that farmers needed to become more focused on the market and that many were lacking the necessary skills.

The rationale for FBAS can therefore be found in general areas of market failure for small businesses, but also the particular situation of change that agriculture faces. FBAS is a step in helping to manage this change.

A5.4.3. Main impacts

²⁷ PACEC, Evaluation of DTI funded services to small businesses, DTI, 1995.

Uptake and awareness

Few differences were found in the characteristics (age of farmer, size of farm, level of education, etc.) of participants and non-participants in FBAS. A large proportion (73%) of those using the service had not purchased business advice before (only 9% had regularly purchased advice).

A lack of awareness of the availability of FBAS was highlighted with 46% of respondents to the non-participant survey claiming not to have heard of the service.

Satisfaction with FBAS

Participants, on average, were reasonably satisfied with the way the service was administered.

The majority of farmers were satisfied with the service provided and the quality of the Action Plans provided. However, there was a considerable range in the rating given and a significant number of farmers were unhappy with the service and would not recommend it. The main criticisms related to the length of time the process took and the quality of the advisor.

Impact of FBAS

The extent to which participation in FBAS had led to action and the subsequent impact on the financial position of the business was investigated. Evidence from the FBAS database indicated that only a half of farms had initiated action by the time a follow up visit had been made. The survey of participants highlighted a greater degree of action. Of those that had agreed an action plan, around three quarters had implemented at least part of the plan and a further 9% stated that they intended to implement at least part in the future.

The main area of action had been pursuing some form of diversification project (33%). Around 23% of respondents stated they had changed stocking levels. In addition a significant number had sought additional funding support, in particular from ERDP schemes. Although the participant survey appeared to indicate that FBAS had led to a high degree of action, 40% of respondents claimed that they would have followed the same course of action in the absence of FBAS.

Just under 70% of those who had implemented at least part of their action plan stated that it was too early to tell whether or not it had a financial impact on their business.

A5.4.4. Effectiveness

Quality control and consistency of delivery

The study found that quality assurance practices vary between Business Link areas. For example, in some areas all Action Plans produced by advisors are subject to scrutiny (usually by the regional co-ordinator), whilst in others only a small proportion are assessed.

As a key element in the delivery of FBAS is the quality of the Farm Business Advisor, appointment processes were examined. The lack of experience of the sector and the local nature of recruitment led to some concerns that the quality of advisors varied between regions. However, we found that generally where Business Links had little experience they sought advice from relevant organisations (such as the NFU, RDS, or other more experienced BL operators) when appointing advisors.

Little evidence of formal communication between regions was found. The first organised meeting for regional co-ordinators did not take place until March 2002. The lack of meetings between the regional co-ordinators at the outset of the Service may be seen to be a major flaw in allowing best practice to be spread. A meeting has been held recently and has been met with approval. In addition an informal e-mail network has emerged. In some regions meetings have been organised whereby consultants have come together to discuss the scheme and undertake case study exercises.

The Small Business Service has recently commissioned and published the Action Plan Learning Guide that consists of information on best practice, not only in drawing up action plans but also concerning the role of regional co-ordinators. As with the regional meetings it might be argued that these developments whilst welcome are long overdue.

Regional variation

Regional co-ordinators demonstrated a high level of enthusiasm and determination to make the Farm Business Advice Service work as efficiently and effectively as possible in their regions.

Business Link operators varied in the methods used to allocate FBAs to farmers. Some allowed the participant free choice from those approved to deliver the service in their area whilst others allocated an FBA to a farmer.

Differences were found between the BL operators in how they had delivered FBAS.

Enhanced (5-day) service

Participants receiving the core and enhanced services were compared. Few differences were found between the two groups regarding their views on

administration, consultants, the quality of the action plan and the likelihood of implementing the action plan.

Ability of the service to meet demand

Assessment of the capacity of the service relative to demand was hindered by the fact that FBAS had been severely disrupted by FMD. Another concern was that although the service had been promoted as a three and a half year project, budgets were in fact determined annually and have been subject to considerable uncertainty. BL operators indicated that this uncertainty had led to a number of problems with the planning and undertaking of the work.

Business Links and small business service model

Business Links had been on a steep learning curve as far as delivering the service had been concerned. Stakeholder interviews found that a range of respondents considered that they were the right organisation to deliver business advice. This was due to their perceived position in the local economy and general knowledge of providing business support services. Though it is clear that there is not unanimous support for the way the BLs operate.

In general consultants indicated that they had a good relationship with the Business Links although lack of feedback was a concern.

From stakeholder interviews there seemed to be a consensus of opinion that there would be problems with whoever delivered the service and there were considered to be no viable alternatives at present.

The main concern with the overall administration of the system is the lack of communication. At all levels information was collected with insufficient explanation as to the need for this information.

BL operators were critical of the information required from them because there did not appear to be an appreciation (at least shown in terms of the audit process) of the length of the time scale involved in delivering a completed service.

There was a general feeling that encouraging group working and offering business support was a suitable and in fact desired aim for the FBAS.

Value for money

At the simplest level the general level of satisfaction indicated by those who have received the service may indicate that the service is providing value for money.

As a large proportion of respondents indicated that they would be implementing at least part of the plan it may be reasoned that the service has been effective and provided value for money. However, it should be remembered that 40% of all respondents claimed that they would have followed the same course of action in the absence of FBAS.

FBAS has been relatively effective at reaching those who have not purchased farm business support in the past. However, there is some evidence that the service is being delivered to at least some farms that would have paid for the advice.

Development of FBAs

The evaluation considers how the FBA might be developed, concentrating on the following themes:

- the provision of integrated advice (taking account of environmental and social factors in addition to economic or business) through FBA;
- the advantages and disadvantages of targeting support to specific areas or groups of farmers;
- whether the 'Business Link Model' is the correct one for the delivery of such services;
- whether farmers should contribute to the cost of FBAS; and,
- the issue of accredited advisors.

A5.4.5. Recommendations

A series of recommendations concerning the development of FBAS are summarised below:

- Funding needs to be stabilised so that regionally the scheme can be promoted with a realistic expectation of meeting targets.
- The 'Action Plan Learning Guide' published by Defra, SBS and Business Link fulfils its objective of identifying and sharing good practice. It is felt that the report should be adopted as a basis to considering the future development of FBAS.
- Applicants that have to wait for advice should be contacted periodically and updated regularly about the situation whatever the reason for the delay.
- It should be ensured that at the first point of contact the farmer is made to feel welcome and the correct information is supplied particularly in the following areas:
 - There is a requirement for the farmer to produce financial and business information at the first meeting.
 - Although the scheme allows for 3 free days of advice this may be split into half days or less over a longer period.

- Under the current 5-day scheme the environmental audit should take place early on in the process and the report should then be made available to the business advisor.
- Advice that just considers the financial side of the business is no longer appropriate. The 3-day FBAS should move closer to the enhanced scheme available after FMD (the case can be made for only having one service). There should be an environmental strand to it and this should be integrated not just added as a bolt on.
- The standard of consultants was felt by all groups to be extremely variable. This suggests that there was a need for accreditation. An environmental element should also be incorporated into any accreditation scheme for business advisors.
- Information flow could be improved at all levels. The need for the level of information needs to be reviewed and information regarding the purpose of the data collected needs to be properly disseminated.
- The current audit system also appears to be unnecessarily burdensome. Auditing should be kept to the minimum necessary to reduce the burden on administrators.

- Allowing differences in implementation between regions gives a certain flexibility to the scheme, but there is the risk that inequity may arise. There needs to be some form of central control and a monitoring process which goes beyond simply measuring the number of visits. If advice services are to be continued a case may be made for an assessor to be appointed to ensure that the quality of service is consistent across the country.
- The role of the delivery tools needs to be re-evaluated. A middle ground between those delivering the service and those promoting the tools needs to be reached.
- Regular meetings should be arranged regionally to allow business advisors and environmental advisors to make contact, discuss cases and share knowledge.
- Defra should be more pro-active in publicising a range of success stories, maybe through magazine articles, to demonstrate the achievements of their policies.
- Opportunities for supporting collaborative efforts should be actively supported where appropriate. In some cases the support of groups does appear to allow for FBAS to add increased value for money compared to the support of individuals.
- At present the degree of integration of FBAS into the Small Business Network varies from region to region. A concerted effort should be made to bring Farm Businesses into the Business Link network and linked to the provision of support services.

- Careful consideration should be given to targeting the service at those who may gain the most benefit. This may be groups of farmers or farmers of particular types.
- Consideration should be given to instigating a charge for the service (say 10% of the cost). This will ensure that farms make the most of the service. Some form of exemption may be considered for those least able to pay.
- FBAS in its current form is too inflexible. It is not appropriate to assume that all businesses need an 'entry level' farm appraisal. It is likely that some farm businesses already have an 'Action Plan', but could use funded advice to achieve scheme uptake and business change in line with Defra's objectives.

Greater co-ordination and discussion between those organisations providing advice and funding to farms within regions should be encouraged. The model where facilitation services are funded externally to FBAS (for example by the Government Offices), but also delivered through the BL (so are integrated as far as the recipient is concerned) appears to be working well.

Appendix 6: Questionnaires and Response Sheets

This Appendix provides copies of the questionnaires and response sheets used to gather evidence in this meta-evaluation.

There are two documents:

1. The questionnaire/response sheet used with Defra APfF scheme managers (both in face-to-face interviews and where a postal response was sought).
2. The postal questionnaire/response sheet sent to interested organisations.

In the interests of brevity the response boxes have been condensed in this Appendix.

**QUESTIONNAIRE/RESPONSE SHEET USED WITH DEFRA APFF SCHEME MANAGERS
META-EVALUATION OF THE ACTION PLAN FOR FARMING (MARCH 2000)**

MEASURE NUMBER:

Please provide some background on why this measure was:

- a) Drawn up in the first place.
- b) Why it was included in the Action Plan for Farming.

Why was this measure included in the Action Plan for Farming?

SECTION A**PERFORMANCE OF THIS MEASURE IN RELATION TO ITS OWN AIMS AND OBJECTIVES**

Please provide some notes on the questions below for your measure; some may not be appropriate for particular situations. Please also provide a score (see scale above the table) for each of the ROAME stages (and feedback). Note that we would like two scores for the Monitoring and the Evaluation sections.

Scoring scale:

1 = Unsatisfactory	2 = Poor	3 = Satisfactory	4 = Good	5 = Excellent	
ROAME stage	Likely issues / questions			Notes	Score (1 to 5)
Rationale	<ul style="list-style-type: none"> Why was the measure needed? Who were the intended beneficiaries? Were any other measures linked to this one? (if so, how) 				
Objectives	<ul style="list-style-type: none"> What were the objectives? Were the objectives clearly stated? Were they testable? Who were the immediate target group (these may not be the intended beneficiaries)? 				
Ex-ante Appraisal	<ul style="list-style-type: none"> Was a formal appraisal carried out? Were indicators established? What alternative ways of achieving the objectives were considered? Likely numbers of beneficiaries? Anticipated cost of the measure? 				
Monitoring	<ul style="list-style-type: none"> What monitoring mechanisms were in place? Were implementation targets set? Was there a mechanism to assess achievement of these targets? What were the final costs of the measure in terms of: <ul style="list-style-type: none"> Direct costs? Net budgetary burden (if known)? 				Score: 1. Financial monitoring: 2. Output quality monitoring:
Evaluation (ex-post) of the measure's performance	Was a formal evaluation carried out?				Yes/no
	<ul style="list-style-type: none"> To what extent was the measure <ol style="list-style-type: none"> Effective in achieving its objectives? Efficient in terms of the ratio of benefit to costs? Could the output have been achieved at lower cost? Were there significant side-effects or spin-offs to non-target groups? How was benefit distributed? Was deadweight a significant issue? Were there any unanticipated confounding factors? 				Score: 1. Was there an evaluation process? (if there was a formal evaluation then this scores highly): 2. How well did the measure perform?:
Feedback	<ul style="list-style-type: none"> What lessons were learned from the evaluation? 				

	<ul style="list-style-type: none"> • How could the performance of the measure have been improved? • What evidence exists that there was benefit to further rounds of policy design? 		
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SECTION B

THIS MEASURE IN RELATION TO THE OBJECTIVES OF THE ACTION PLAN FOR FARMING

Please provide some notes on how your measure addressed each of the objectives of the Action Plan for Farming and provide a score using the scale at the head of the table. If you feel that your measure did not address a particular objective, please leave it blank and we will score it as 0. Positive scores should be recorded where your measure contributed to the objective and negative ones are where your measure worked against the objective.

Scoring scale:

-2 = strong negative impact	-1 = weak negative impact	0 = neutral	+1 = weak positive impact	+2 = strong positive impact
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Relationship of this measure to Action Plan objectives

<u>Action plan objectives</u> Notes of relationship of your measure to each objective	Score (-2 to +2)
1 To provide financial relief for the hardest-hit sectors and help ease the process of change that they must face. Note that this falls into short-term and long-term. Please score separately.	
	Short-term Long-term
2 Facilitate the implementation of the England Rural Development Plan.	
3 Provide better regulation bearing in mind the need to meet environment and consumer safety objectives and safeguard the taxpayers' interest.	
4 Ensure that Government, farmers and the food industry work together to find ways to improve profitability in the industry.	
5 Campaign for reform to the CAP to make it more market-oriented and less complex.	

SECTION C

SYNERGY OF THIS MEASURE WITH OTHER MEASURES

In this section we would like to establish a) any synergy that other measures (listed below and described in more detail in Annex 1) have with your measure; and, b) any synergy that your measure has with other measures, i.e. direction of impact is important. It may be the case that your measure has positive synergy with another measure, but that this other measure does not have any synergy with your measure. Whilst we expect negative synergy to be rare, it is possible for a measure to reduce the impact of another measure by working directly against it.

We draw a distinction between impacts that happen in the same direction and synergistic relationships. In order for there to be synergy, the measure has to somehow enhance the operation of another measure. An example of a synergistic relationship is that between improving the flow of outputs from research to the agricultural industry and the electronic portal for farmers. The former would provide material which could be disseminated through the electronic portal thereby providing a reason for farmers to use the portal, thus helping uptake. The portal provides a media through which research output can be disseminated. There is therefore synergy in both directions in this case (whether this is strong or weak is a matter for those responsible for these measures to decide). Synergy can in some circumstances be negative.

We are only interested in those measures where there is an obvious link and therefore expect that the majority of measures will not be scored (we will assume that a measure that is not scored is zero, there is no need to fill all the zeros in).

Scoring scale:

-2 = strong negative synergy	-1 = weak negative synergy	0 = neutral	+1 = weak positive synergy	+2 = strong positive synergy
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Cross-impacts of synergy between this Measure and other Measures

Measure (see Annex for full description and comments)	Impact <i>of each of these</i> on this Measure	Impact <i>of this Measure</i> on each of these
Over-arching issues		
18 Rural stress alleviation		
50 Challenge funding for business improvement		
53 Tailored business advice		
55 Electronic portal for farming		
61 Knowledge transfer initiatives		
Improving farm incomes and performance		
2 Pig Industry Restructuring Scheme		
3 Agrimonetary aid to dairy farmers		
4 Agrimonetary aid to beef farmers		
5 Agrimonetary aid to sheep farmers		

6 Remove charges for dairy hygiene inspections		
7 Increased support for hill farmers		
8 Increase max. weight for animals OTMS		
15 Increase RDA's RBG programme		
21 Lower IPPC costs to farmers		
24 Increase grant/limits under Farm Waste Grant		
33 Ram genotyping (reducing scrapie in sheep)		
Rural development		
11 Free consultancy on planning for farm diversification		
19 European Centre for organic fruit and nursery stock		
29 IACS field margin treatment (change)		
58 Kington pilot project to promote rural use of IT		
60 Training - LANTRA needs assessment and promotion		
Improved marketing of UK produce		
51 Building Business Advantage initiative (joint with NFU)		
Minimising costs and bureaucratic burdens		
20 Delay IPPC for existing pig and poultry installations		
27 Change to charges under the Groundwater Reg.		
35 Restrict meat inspection charges (slaughterhouses)		
37 Change inspection regulations (slaughterhouses)		

SECTION D

SYNERGY OF THIS MEASURE WITH OTHER PARTS OF THE ACTION PLAN FOR FARMING

Finally, we would like you to comment on and score (using the scale above the table) any synergy between your measure and those points categorised as endorsements, aspirations or good governance. A list of these points is provided as Annex 1 (this list also provides measures, but these have already been commented on). Using the same principles as in the previous section, please list the Action Plan point number for any endorsements, aspirations or good governance points where there is synergy and score the direction and degree of synergy. We will assume that points not listed do not have any synergistic relationship in either direction with your measure.

Scoring scale:

-2 = strong negative synergy	-1 = weak negative synergy	0 = neutral	+1 = weak positive synergy	+2 = strong positive synergy
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Cross-impacts of synergy between this Measure and Endorsements, Aspirations, and Good Governance points in the Action Plan for Farming (-2 to +2)

IF THERE ARE ANY ACTIONS FOR WHICH YOU SEE A PARTICULAR INTERACTION WITH YOUR MEASURE, PLEASE INDICATE. (N.B. THESE ARE LIKELY TO BE ONLY WITH THE SAME BRIGADE)	Impact <i>of each of these</i> on this Measure	Impact <i>of this Measure</i> on each of these
Endorsements: Action Plan numbers		
Aspirations: Action Plan numbers		
Good Governance: Action Plan numbers		

The classification of Action Points into measures, endorsements, aspirations and good governance (split by policy area) presented in Appendix 4 was also included for reference.

A6.1. Questionnaire/response sheet sent to interested organisations

Action plan for farming

Respondent name:	
Respondent position:	
Organisation:	
Actions in which your organisation has a direct interest (see list in Annex to letter for action numbers):	

Please return by Monday the 8th September to
Dylan.Bradley@ceasc.com or by post to Dylan Bradley,
 Agra CEAS Consulting, Centre for European Agricultural Studies,
 Imperial College Wye Campus, Wye, Ashford, Kent, TN25 5AH.

If you would like to discuss this form, or the research we are undertaking, in more detail, please call Dylan Bradley on 01233 812 181.

The Action Plan for Farming was a package of 63 actions, some new, but many based on pre-existing initiatives that the government announced in March 2000. It had the following five objectives:

- 1) To provide financial relief for the hardest-hit sectors and help ease the process of change that they must face.
- 2) Facilitate the implementation of the England Rural Development Plan.
- 3) Provide better regulation bearing in mind the need to meet environment and consumer safety objectives and safeguard the taxpayers' interest.
- 4) Ensure that Government, farmers and the food industry work together to find ways to improve profitability in the industry.
- 5) Campaign for reform to the CAP to make it more market-oriented and less complex.

What were the drivers of the Action Plan

In this section we would be grateful for any comments relating to your organisation's views on the following points. If there is anything else you would like to add, please feel free to do so. The response box can be expanded as required.

- Why was the Action Plan devised in March 2000?
- What were the agricultural needs at the time?
- To what extent did the stated objectives of the Action Plan match the needs of the agricultural sector?
- Did these objectives relate to one another in a coherent and consistent way?
- Did these objectives remain valid?

- What political and other needs (administrative, social, etc.) were important at the time, and can you explain what these un-stated objectives were?
 - To what extent was your organisation involved or consulted on the nature of the problems that required action and on the means of addressing these actions?
 - To what extent was the Action Plan designed to show farmers and other interested organisations that the government was also governing for rural dwellers?
 - Did developments during the operation of the Action Plan change the rationale on which it was based?
-

Structure of the Action Plan

In this section we would like to explore your organisation's views on the structure of the Action Plan. Some themes to explore are listed below. Again, additional comments are welcomed and the response box can be expanded if required.

Balance between components:

- To what extent did the planned actions match the needs of the agricultural sector?
 - Given that the vast majority of the funds of the Action Plan for Farming were accounted for by only three types of measures (agri-monetary compensation, hill livestock payments, and the Pig Industry Restructuring Scheme) do you have any comments on the balance of spending?
 - Were any actions irrelevant?
 - Was there enough money to make a difference?
-

Performance of the Action Plan

We would like to ascertain your organisation's views on the actual performance of the Action Plan in relation to each of its stated objectives. Themes to explore are listed below. It would be helpful if you could give a score using the scale provided. Please expand the boxes if required.

In reaching your score you might consider:

- Did the Action Plan make a positive difference in achieving each objective (small or large) or was there a negative influence?
- Was the Action Plan:

- a) Effective in achieving the objective?
- b) Efficient in use of public money in terms of value for money given benefits achieved?
- c) Economic in that it achieved outputs at the lowest cost?

Scoring scale:

-1 = Had a negative impact	0 = Did not address the objective	1 = Addressed the objective to a small extent	2 = Addressed the objective well	3 = Addressed the objective very well
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Performance of the Action Plan for Farming in relation to its stated objectives

<u>Action plan objectives</u>	Score (-1 to 3)
1 To provide financial relief for the hardest-hit sectors and help ease the process of change that they must face. Note that this can be split into the short-term and long-term. Please score separately.	
	Short-term SCORE Long-term SCORE
2 Facilitate the implementation of the England Rural Development Plan.	
3 Provide better regulation bearing in mind the need to meet environment and consumer safety objectives and safeguard the taxpayers' interest.	
4 Ensure that Government, farmers and the food industry work together to find ways to improve profitability in the industry.	
5 Campaign for reform to the CAP to make it more market-oriented and less complex.	

Finally, in addition to the above, we would be grateful for any comments on the following aspects of the performance of the Action Plan:

- How successful was the Action Plan for Farming at meeting its un-stated objectives (political, social, administrative, etc.)?
- What was the influence of confounding factors on the performance of the Action Plan?
- Have any of the themes within the Action Plan been developed and built on subsequently?
- What alternatives to the Action Plan could have been considered?

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Appendix 7: List of contacts

This Appendix lists those interviewed face-to-face, those responding by post and those key organisations which expressed a view.

A7.1. Defra officials interviewed face-to-face

- Andy Lebrecht
- Tom Eddy
- Helen Ainsworth
- Richard Findon
- Peter Muriel
- Colette Backwell
- Donal Murphy-Bokern
- Judy Allfrey
- Lucy Harbron
- Martin Nesbit
- Michael Murray
- Ron Scrutton
- Brendan Bayley (HM Treasury)
- Tim Foster (Food Standards Agency)

A7.2. Defra officials responding by post

- Jim Bowman
- Chris Dunabin
- Ivor Llewelyn
- Ray Anderson
- Richard Vincent
- Richard Pullen
- Steven Gleave
- Bob Hopkins
- Clive Holdsworth
- Martin Lewis
- Josephine Osikena

A7.3. Interested organisations responding by post

- Country Land and Business Association
- Home Grown Cereals Authority
- Regional Development Agencies
- Royal Institute of Chartered Surveyors
- Tenant Farmers Association

Appendix 8: Agrimonetary compensation

The analysis presented below includes the following agrimonetary payments:

- Suckler Cow Premium Definitive Agrimonetary Compensation (SCPDAC);
- Beef Special Premium Definitive Agrimonetary Compensation (BSPDAC);
- Sheep Annual Premium Definitive Agrimonetary Compensation (SAPDAC);
- Milk Definitive Agrimonetary Compensation (paid on milk quota) (Milk DAC); and,
- Extensification Premium Definitive Agrimonetary Compensation (EPDAC).

Second tranches of the DAC listed above are due to be paid in the 2001/2002 Farm Business Survey account year. Data for these payments will be available in late 2002.

It does not include Transitional Agrimonetary Compensation (TAC) which was paid to eligible farmers during the 2000/2001 Farm Business Survey account year.

Notes to the tables:

- all data is taken from the Farm Business Survey;
- ' * ' indicates that an insufficient number of farms of this category are available in the sample to provide reliable results;
- ' # ' indicates that no farms of this category are available in the sample;
- data are given for full time farms only (defined as farms over 8 Economic Size Units);
- 'All Farm Types' includes Cereals, General Cropping, Horticulture and Pigs & Poultry farms which are not shown separately; and,
- a negative farm income (whether measured in terms of net income, occupiers' net income or cash income) does not necessarily imply that the farm business will leave the industry. Also, a positive income does not necessarily imply that a business is viable and will continue.

Details on farm classification, size categories and performance bands can be found in appendix 2 of the annual publication Farm Incomes in the United Kingdom. This can be accessed via the following link:

www.defra.gov.uk/esg/Work_htm/publications/cf/fiuk/current/Appendix2/a2txt.doc

A8.1. England payments by farm size

Table A8.1: All farm types

	Farm Size			
	Small	Medium	Large	All Sizes
SCP DAC	£44	£45	£39	£43
Total BSP DAC	£53	£68	£67	£61
SAP DAC	£107	£157	£103	£124
Milk DAC	£22	£230	£550	£221
EP DAC	£24	£30	£21	£ 25
<i>Total DAC</i>	<i>£250</i>	<i>£529</i>	<i>£781</i>	<i>£475</i>
Total Farm Output	£49,725	£112,529	£324,173	£137,291
Net Farm Income	£1,903	£8,661	£25,387	£9,886
Cash Income	£12,698	£26,289	£71,310	£31,462
DAC as a percentage of total farm output	0.5%	0.5%	0.2%	0.3%
DAC as a percentage of net farm income	13.1%	6.1%	3.1%	4.8%
DAC as a percentage of cash income	2.0%	2.0%	1.1%	1.5%

Table A8.2: Dairy

	Farm Size			
	Small	Medium	Large	All Sizes
SCP DAC	£3	£	£-	£0
BSP DAC	£13	£31	£51	£36
SAP DAC	£13	£47	£60	£47
Milk DAC	£263	£ 688	£1,441	£ 899
EP DAC	£4	£5	£6	£5
<i>Total DAC</i>	<i>£295</i>	<i>£ 770</i>	<i>£1,559</i>	<i>£ 988</i>
Total Farm Output	£41,039	£ 96,482	£246,179	£141,737
Net Farm Income	£1,394	£ 8,963	£26,144	£14,020
Cash Income	£11,864	£20,745	£46,006	£28,439
DAC as a percentage of total farm output	0.7%	0.8%	0.6%	0.7%
DAC as a percentage of net farm income	21.2%	8.6%	6.0%	7.0%
DAC as a percentage of cash income	2.5%	3.7%	3.4%	3.5%

Table A8.3: LFA cattle and sheep

	Farm Size			
	Small	Medium	Large*	All Sizes
SCP DAC	£95	£287		£169
BSP DAC	£45	£123		£75
SAP DAC	£401	£1,093		£645
Milk DAC	£5	£16		£14
EP DAC	£47	£153		£84
<i>Total DAC</i>	<i>£593</i>	<i>£1,672</i>		<i>£987</i>
Total Farm Output	£40,009	£104,945		£ 65,438
Net Farm Income	£1,390	£13,722		£5,795
Cash Income	£8,277	£27,202		£16,110
DAC as a percentage of total farm output	1.5%	1.6%		1.5%
DAC as a percentage of net farm income	42.7%	12.2%		17.0%
DAC as a percentage of cash income	7.2%	6.1%		6.1%

Table A8.4: Lowland cattle and sheep

	Farm Size			
	Small	Medium	Large	All Sizes
SCP DAC	£85	£187	£115	£103
BSP DAC	£97	£230	£277	£125
SAP DAC	£142	£398	£498	£195
Milk DAC	£10	£37	£795	£42
EP DAC	£45	£109	£55	£55
<i>Total DAC</i>	<i>£379</i>	<i>£962</i>	<i>£1,741</i>	<i>£520</i>
Total Farm Output	£39,192	£95,140	£260,297	£55,981
Net Farm Income	-£1,248	£936	£13,583	-£372
Cash Income	£8,744	£15,781	£53,331	£11,453
DAC as a percentage of total farm output	1.0%	1.0%	0.7%	0.9%
DAC as a percentage of net farm income	N/A	102.7%	12.8%	N/A
DAC as a percentage of cash income	4.3%	6.1%	3.3%	4.5%

Table A8.5: Mixed

	Farm Size			
	Small	Medium	Large	All Sizes
SCP DAC	£33	£83	£96	£71
BSP DAC	£141	£173	£145	£154
SAP DAC	£92	£280	£217	£200
Milk DAC	£2	£34	£752	£255
EP DAC	£42	£61	£62	£55
<i>Total DAC</i>	<i>£310</i>	<i>£631</i>	<i>£1,271</i>	<i>£734</i>
Total Farm Output	£54,911	£110,897	£352,312	£170,642
Net Farm Income	£2,156	£7,867	£12,370	£7,492
Cash Income	£11,316	£25,607	£66,355	£34,146
DAC as a percentage of total farm output	0.6%	0.6%	0.4%	0.4%
DAC as a percentage of net farm income	N/A	8.0%	10.3%	N/A
DAC as a percentage of cash income	2.7%	2.5%	1.9%	2.2%

A8.2. England payments by farm type and performance band**Table A8.6: All farm types**

	Performance Band			
	Low	Medium	High	All
SCP DAC	£43	£46	£37	£43
Total BSP DAC	£52	£69	£56	£61
SAP DAC	£124	£128	£115	£124
Milk DAC	£80	£247	£310	£221
EP DAC	£24	£27	£24	£25
<i>Total DAC</i>	<i>£323</i>	<i>£517</i>	<i>£542</i>	<i>£475</i>
Total Farm Output	£45,982	£134,432	£233,679	£137,291
Net Farm Income	-£10,322	£3,317	£43,075	£9,886
Cash Income	£5,814	£26,744	£66,358	£31,462
DAC as a percentage of total farm output	0.7%	0.4%	0.2%	0.3%
DAC as a percentage of net farm income	N/A	15.6%	1.3%	4.8%
DAC as a percentage of cash income	5.6%	1.9%	0.8%	1.5%

Table A8.7: Dairy

	Performance Band			
	Low	Medium	High	All
SCP DAC	£3	£-	£-	£0
BSP DAC	£21	£39	£36	£36
SAP DAC	£37	£45	£59	£47
Milk DAC	£561	£840	£1,205	£899
EP DAC	£5	£6	£5	£5
<i>Total DAC</i>	<i>£626</i>	<i>£929</i>	<i>£1,306</i>	<i>£988</i>
Total Farm Output	£54,540	£127,154	£219,281	£141,737
Net Farm Income	-£8,362	£6,963	£41,230	£14,020
Cash Income	£6,024	£21,692	£54,984	£28,439
DAC as a percentage of total farm output	1.1%	0.7%	0.6%	0.7%
DAC as a percentage of net farm income	N/A	13.3%	3.2%	7.0%
DAC as a percentage of cash income	10.4%	4.3%	2.4%	3.5%

Table A8.8: LFA cattle and sheep

	Performance Band			
	Low	Medium	High	All
SCP DAC	£95	£180	£ 288	£169
BSP DAC	£36	£89	£114	£75
SAP DAC	£418	£636	£1,132	£645
Milk DAC	£8	£11	£33	£14
EP DAC	£35	£96	£154	£84
Total DAC	£591	£1,012	£1,721	£987
Total Farm Output	£37,243	£68,648	£113,878	£65,438
Net Farm Income	-£7,207	£6,685	£29,724	£5,795
Cash Income	£2,644	£19,293	£34,793	£16,110
DAC as a percentage of total farm output	1.6%	1.5%	1.5%	1.5%
DAC as a percentage of net farm income	N/A	15.1%	5.8%	17.0%
DAC as a percentage of cash income	22.4%	5.2%	4.9%	6.1%

Table A8.9: Lowland cattle and sheep

	Performance Band			
	Low	Medium	High	All
SCP DAC	£68	£155	£115	£103
BSP DAC	£89	£171	£160	£125
SAP DAC	£152	£251	£241	£195
Milk DAC	£9	£67	£130	£42
EP DAC	£40	£75	£70	£55
<i>Total DAC</i>	<i>£358</i>	<i>£718</i>	<i>£715</i>	<i>£520</i>
Total Farm Output	£32,619	£80,557	£95,606	£55,981
Net Farm Income	-£7,078	£3,700	£20,069	-£372
Cash Income	£4,338	£17,106	£29,089	£11,453
DAC as a percentage of total farm output	1.1%	0.9%	0.7%	0.9%
DAC as a percentage of net farm income	N/A	19.4%	3.6%	N/A
DAC as a percentage of cash income	8.2%	4.2%	2.5%	4.5%

Table A8.10: Mixed

	Performance Band			
	Low	Medium	High	All
SCP DAC	£81	£78	£46	£71
BSP DAC	£90	£155	£204	£154
SAP DAC	£138	£247	£130	£200
Milk DAC	£79	£284	£324	£255
EP DAC	£43	£61	£51	£55
<i>Total DAC</i>	<i>£431</i>	<i>£825</i>	<i>£755</i>	<i>£734</i>
Total Farm Output	£77,886	£158,817	£277,213	£170,642
Net Farm Income	-£16,226	£1,451	£42,359	£7,492
Cash Income	£7,143	£28,606	£70,465	£34,146
DAC as a percentage of total farm output	0.6%	0.5%	0.3%	0.4%
DAC as a percentage of net farm income	-2.7%	56.9%	1.8%	9.8%
DAC as a percentage of cash income	6.0%	2.9%	1.1%	2.2%

A8.3. Wales payments by farm size
Table A8.11: All farm types

	Farm Size			
	Small	Medium	Large	All Sizes
SCP DAC	£64	£95	£68	£75
Total BSP DAC	£50	£85	£118	£67
SAP DAC	£430	£768	£928	£582
Milk DAC	£32	£278	£1,018	£190
EP DAC	£31	£55	£58	£41
<i>Total DAC</i>	<i>£607</i>	<i>£1,282</i>	<i>£2,197</i>	<i>£954</i>
Total Farm Output	£35,421	£127,297	£205,618	£67,530
Net Farm Income	£882	£13,574	£21,246	£5,555
Cash Income	£10,541	£29,614	£40,667	£17,599
DAC as a percentage of total farm output	1.7%	1.0%	1.1%	1.4%
DAC as a percentage of net farm income	68.8%	9.4%	10.3%	17.2%
DAC as a percentage of cash income	5.8%	4.3%	5.4%	5.4%

Table A8.12: Dairy

	Farm Size			
	Small*	Medium	Large	All Sizes
SCP DAC		£-	£-	£-
BSP DAC		£25	£57	£27
SAP DAC		£133	£136	£105
Milk DAC		£580	£1,339	£657
EP DAC		£3	£8	£4
<i>Total DAC</i>		<i>£741</i>	<i>£1,539</i>	<i>£792</i>
Total Farm Output		£88,285	£197,721	£98,143
Net Farm Income		£12,556	£22,599	£12,350
Cash Income		£21,244	£36,713	£20,865
DAC as a percentage of total farm output		0.8%	0.8%	0.8%
DAC as a percentage of net farm income		5.9%	6.8%	6.4%
DAC as a percentage of cash income		3.5%	4.2%	3.8%

Table A8.13: LFA cattle and sheep

	Farm Size			
	Small	Medium	Large*	All Sizes
SCP DAC	£73	£178		£108
BSP DAC	£40	£106		£64
SAP DAC	£555	£1,387		£859
Milk DAC	£1	£56		£19
EP DAC	£34	£95		£55
<i>Total DAC</i>	<i>£702</i>	<i>£1,822</i>		<i>£1,105</i>
Total Farm Output	£36,428	£96,769		£58,013
Net Farm Income	£1,156	£9,190		£3,737
Cash Income	£11,716	£27,184		£16,831
DAC as a percentage of total farm output	1.9%	1.9%		1.9%
DAC as a percentage of net farm income	60.8%	19.8%		29.6%
DAC as a percentage of cash income	6.0%	6.7%		6.6%

Table A8.14: Lowland cattle and sheep

	Farm Size			
	Small	Medium*	Large*	All Sizes
SCP DAC	£61			£71
BSP DAC	£128			£162
SAP DAC	£133			£221
Milk DAC	£47			£66
EP DAC	£38			£50
<i>Total DAC</i>	<i>£407</i>			<i>£571</i>
Total Farm Output	£32,101			£5,726
Net Farm Income	-£1,306			£711
Cash Income	£8,205			£14,400
DAC as a percentage of total farm output	1.3%			10.0%
DAC as a percentage of net farm income	N/A			80.2%
DAC as a percentage of cash income	5.0%			4.0%

A8.4. Wales payments by farm type and performance band

Table A8.15: All farm types

	Performance Band			
	Low	Medium	High	All
SCP DAC	£54	£79	£88	£75
Total BSP DAC	£36	£71	£91	£67
SAP DAC	£245	£641	£798	£582
Milk DAC	£63	£154	£385	£190
EP DAC	£14	£46	£57	£41
<i>Total DAC</i>	<i>£412</i>	<i>£991</i>	<i>£1,418</i>	<i>£954</i>
Total Farm Output	£25,090	£65,013	£114,467	£67,530
Net Farm Income	-£7,213	£2,270	£24,686	£5,555
Cash Income	£3,210	£16,218	£34,558	£17,599
DAC as a percentage of total farm output	1.6%	1.5%	1.2%	1.4%
DAC as a percentage of net farm income	-5.7%	43.7%	5.7%	17.2%
DAC as a percentage of cash income	12.8%	6.1%	4.1%	5.4%

Table A8.16: Dairy

	Performance Band			
	Low*	Medium	High	All
SCP DAC		£-	£-	£-
BSP DAC		£24	£36	£27
SAP DAC		£106	£136	£105
Milk DAC		£588	£860	£657
EP DAC		£4	£4	£4
<i>Total DAC</i>		<i>£723</i>	<i>£1,036</i>	<i>£792</i>
Total Farm Output		£91,367	£130,172	£98,143
Net Farm Income		£4,532	£28,579	£12,350
Cash Income		£17,300	£34,850	£20,865
DAC as a percentage of total farm output		0.8%	0.8%	0.8%
DAC as a percentage of net farm income		15.9%	3.6%	6.4%
DAC as a percentage of cash income		4.2%	3.0%	3.8%

Table A8.17: LFA cattle and sheep

	Performance Band			
	Low	Medium	High	All
SCP DAC	£65	£105	£167	£108
BSP DAC	£29	£58	£123	£64
SAP DAC	£346	£888	£1,421	£859
Milk DAC	£ -	£29	£16	£19
EP DAC	£17	£57	£98	£55
<i>Total DAC</i>	<i>£457</i>	<i>£1,137</i>	<i>£1,825</i>	<i>£1,105</i>
Total Farm Output	£24,010	£56,532	£104,143	£58,013
Net Farm Income	-£6,751	£1,629	£22,336	£3,737
Cash Income	£5,234	£15,667	£34,310	£16,831
DAC as a percentage of total farm output	1.9%	2.0%	1.8%	1.9%
DAC as a percentage of net farm income	N/A	69.8%	8.2%	29.6%
DAC as a percentage of cash income	8.7%	7.3%	5.3%	6.6%

Table A8.18: Lowland cattle and sheep

	Performance Band			
	Low*	Medium*	High*	All
SCP DAC				£71
BSP DAC				£162
SAP DAC				£221
Milk DAC				£66
EP DAC				£50
<i>Total DAC</i>				<i>£571</i>
Total Farm Output				£5,726
Net Farm Income				£711
Cash Income				£14,400
DAC as a percentage of total farm output				10.0%
DAC as a percentage of net farm income				80.2%
DAC as a percentage of cash income				4.0%

A8.5. Estimate of farms prevented from making a loss by payment of agri-monetary compensation 2000/2001

By size

Table A8.19: England

	Number and % of farms that would have had a negative income without DAC payments					
	In terms of Net Farm Income		In terms of Occupiers' Net Income		In terms of Cash Income	
	Number	%	Number	%	Number	%
All Sizes	964	1.3%	792	1.1%	245	0.3%
Small	587	1.9%	393	1.3%	94	0.3%
Medium	312	1.2%	356	1.3%	85	0.3%
Large	65	0.4%	43	0.2%	66	0.4%

Table A8.20: Wales

	Number and % of farms that would have had a negative income without DAC payments					
	In terms of Net Farm Income		In terms of Occupiers' Net Income		In terms of Cash Income	
	Number	%	Number	%	Number	%
All Sizes	513	3.7%	193	1.4%	67	0.5%
Small	157	1.9%	85	1.1%	-	0.0%
Medium	351	7.6%	65	1.4%	56	1.2%
Large	5	0.5%	43	4.2%	12	1.1%

Table A8.21: England and Wales

	Number and % of farms that would have had a negative income without DAC payments					
	In terms of Net Farm Income		In terms of Occupiers' Net Income		In terms of Cash Income	
	Number	% of farms	Number	%	Number	%
All Sizes	1,477	1.7%	985	1.1%	313	0.4%
Small	744	1.9%	478	1.2%	94	0.2%
Medium	663	2.1%	421	1.3%	141	0.4%
Large	70	0.4%	86	0.5%	78	0.4%

By farm type**Table A8.22: England**

	Number and % of farms that would have had a negative income without DAC payments					
	In terms of Net Farm Income		In terms of Occupiers' Net Income		In terms of Cash Income	
	Number	% of farms	Number	%	Number	%
All Types	964	1.3%	792	1.1%	245	0.3%
Dairy	93	0.6%	235	1.5%	58	0.4%
Cattle & Sheep (LFA)	208	3.9%	210	3.9%	107	2.0%
Cattle & Sheep (Lowland)	426	3.2%	316	2.4%	57	0.4%
Mixed	30	0.5%	31	0.5%	23	0.4%

Table A8.23: Wales

	Number and % of farms that would have had a negative income without DAC payments					
	In terms of Net Farm Income		In terms of Occupiers' Net Income		In terms of Cash Income	
	Number	% of farms	Number	%	Number	%
All Types	513	3.7%	193	1.4%	67	0.5%
Dairy	37	1.0%	100	2.8%	43	1.2%
Cattle & Sheep (LFA)	349	4.1%	92	1.1%	24	0.3%
Cattle & Sheep (Lowland)	122	7.6%	-	0.0%	-	0.0%
Mixed	6	3.9%	-	0.0%	-	0.0%

Table A8.24: England and Wales

	Number and % of farms that would have had a negative income without DAC payments					
	In terms of Net Farm Income		In terms of Occupiers' Net Income		In terms of Cash Income	
	Number	% of farms	Number	%	Number	%
All Types	1,477	1.7%	985	1.1%	313	0.4%
Dairy	130	0.7%	335	1.7%	101	0.5%
Cattle & Sheep (LFA)	557	4.0%	302	2.2%	131	1.0%
Cattle & Sheep (Lowland)	548	3.7%	316	2.1%	57	0.4%
Mixed	36	0.6%	31	0.5%	23	0.4%

Appendix 9: Summaries of Reports from Three Government/Industry Task Forces (inputs, milk, the hills)

Three Government/Industry Task Forces were announced by the Minister of Agriculture in November 2000. They were to drive forward the agricultural strategy and tackle key issues of concern. The Reports of the Inputs Task Force and Hills Task Force were both published in May 2001 and the Milk Task Force in January 2002.

A9.1. Inputs Task Force

A9.1.1. Introduction

The aim of the task force was to examine the scope for reducing input costs to the agriculture industry and increasing the effectiveness with which inputs are used. This was achieved by analysing input price trends in the UK compared to other EU Member States, and the factors affecting efficiency of input use. The report recognises that the most critical factor affecting farm profitability is output prices, and also that price comparisons and industry structure will inevitably change over time and require review. The report does not cover all of the issues raised, due to time and information availability constraints. Some of the key issues not covered include the cost of fuel and haulage, land as an agricultural input, and the future availability of water, seeds, livestock feed-stuffs, financial inputs and risk management.

A9.1.2. Findings

- UK farmers sometimes face higher prices for some inputs than their continental competitors but this does not apply across the board.
- Unlike farmers within the Euro-zone, UK farmers are exposed to currency fluctuations which are largely reflected in support payments but only partly in input prices. As a result a strong pound has lowered farm revenues more than farm costs to the disadvantage of British producers. Evidence was presented that demonstrated that there is often a time lag between changes in the exchange rate and corresponding adjustments in input prices, and that in certain sectors prices have not followed expected trends.
- Many farmers do not have a detailed understanding of their input costs and therefore the cost per unit of production.
- The supply industry is consolidating as a result of economic pressures. This highlights the fragmented nature of the farming industry, which has been slower to adapt to changes in the market.
- There is a lack of transparency in the markets for some agricultural inputs. Better transparency in markets would improve the working of competition and there are

opportunities to achieve this, among other things, by the more widespread use of electronic trading.

- Even when price differences exist and are known, competitive trade may be frustrated if commercial arrangements allocate regions to particular dealers or distributors and impede purchases from other areas.
- Known price differences may not result in competitive trading where differences in regulatory requirements prevent products sold in one EU Member State being imported. Regulations relating to veterinary medicines and pesticides, in practice particularly fungicides, represent significant trade barriers.
- There is a wide range of efficiency in input use. In general a greater scale of production leads to higher levels of output per unit of inputs. Broadly speaking this suggests that improved performance could be obtained if farmers increased businesses to optimum size.
- Within size groups there are substantial differences in efficiency between the least and the most profitable. This variation is as important as the variations across size bands. The difference is explained in part by factors beyond the control of the farmer, for example climate and land quality, but also by management issues. Substantial scope for increased efficiency of input use was found.

A9.2. Recommendations

A9.2.1. Transparency and business practice

- Comprehensive information on the prices and quality of inputs should be available to all market participants. E-commerce provides an opportunity for a significant improvement in transparency and the task force recommends that farmers use it to monitor and share information. One option would be for farmers or their organisations within the UK (and Europe) to create an electronic noticeboard which could highlight input price differences. (2.18)²⁸
- Manufacturers have a duty to ensure that their products are sold by responsible parties and that adequate post-sales service is available. However, there is a danger that commercial arrangements could prevent competent competitors entering the market. If farmers are to be assured that dominant positions are not being abused, the taskforce recommends that they ensure continued open surveillance of supplier behaviour, as a deterrent to possible market abuse. The task force recommends that dealer and merchant organisations also support open surveillance of their UK and non-UK suppliers, and that organisations pursue this issue with their European counterparts. (2.36)
- National and EU Governments should be vigilant to identify areas where competition appears to be compromised and must ensure that adequate

²⁸ Numbers in brackets refer to paragraphs of the report which can be accessed at www.

resources are available to pursue cases when necessary. This is particularly important in any industry where the number of manufacturers falls to very small numbers, as has been the case in several agricultural supply industries, including fertiliser and machinery. (2.37)

- The agricultural sector faces significant commercial change, and farmers need to realign themselves accordingly. This could be achieved by joint action among farmers, e.g. aggregating demand to provide countervailing purchasing power at a time of significant consolidation of input suppliers, and/or through development of vertical trading arrangements. (2.38)
- The task force recommends that farmers, with suppliers and merchants, examine their relationships with a view to moving towards a longer-term market focussed basis. (2.39)
- While commercially astute farmers will be the first to take advantage of e-commerce and other ICT opportunities, there is a risk that other farmers will be unable to take advantage of the opportunities on offer. The task force recommends that farmers' organisations explore what practical steps they can take to address this. However, this should not be limited to farmers, and there is a role for Regional Development Agencies and local government. (2.19)
- The task force recommends that both the industry and Government explore options for web-based procurement and how this could be facilitated. (2.20)

A9.2.2. Regulation

- A more efficient market would be created if single Community wide regulatory systems replaced the complexity of separate national authorisations. Under such a system, materials authorised for sale in one EU country should be presumed to be lawful for sale in any other, provided conditions pertinent to the authorisation are fully observed. This should be a priority consideration for the UK Government as it considers with other countries the future of pesticide, veterinary medicines and health and safety regulation within the EU. (2.57)
- UK regulations should not impose unnecessary restrictions on importation, or provide a framework for manufacturers and/or suppliers to artificially segment the EU market to allow differential pricing, thus preventing competition and transparency. Examples of mechanisms which appear to do this are the application of fees to import pesticides for personal use or to obtain off-label approval. These curtail competition and supply of products, notably for minority crops, to the disadvantage of the UK producer. The task force notes that other Member States do not operate on a full cost recovery basis and recommends that the Government examines alternative options. (2.58)
- The inputs task force fully endorses the recommendations made by the Better Regulation Task Force about improving the quality and implementation of environmental regulations. The taskforce further believes that they should apply

equally to all regulation covering the control of pesticides and veterinary medicines, and health and safety regulation. Both the Government and farming organisations should ensure that their views are fed in at the beginning of discussions on proposals, and that once an EU Directive has been agreed, the UK should not embellish it to the competitive disadvantage of UK farmers. (2.59)

A9.2.3. In relation to efficiency of input use

- The task force recommends that farmers make full use of the development of precision farming techniques and new technologies, which present huge opportunities for increases in input use efficiency. New tools of communication and diagnosis, including Decision Support Systems, need more general application if the productivity of inputs used on farms is to be optimised. The task force recommends that the Government considers fostering their development through support for relevant systems and their adoption on farms. (3.17)
- There remains a need for expert technical assistance. The task force recommends that the Government examines whether the current arrangements for agricultural training, technology transfer and technical advice adequately ensures the continued availability and application of expert assistance at the point of use. The task force welcomes the free business advice that has been made available to farmers as part of the Action Plan for Farming, and recommends that attention continues to focus on this area and on whether skill levels in relation to business and financial management in the sector are sufficient. (3.18)
- The task force recommends that in view of the severe pressures and structural change in the market, farmers explore ways in which they can co-operate to reduce costs, e.g. by the development of machinery and labour rings. (3.21)

Appendix 10: Milk task force report

A10.1. Introduction

The Milk Task Force was established to study and report on the food chain in the milk and dairy sector, and to identify those areas where, and means by which, greater efficiencies could be obtained from production and marketing. It was designed to extend work done in the dairy sector by the Food Chain Group in 1999, which considered ways of examining competitive strengths and weaknesses across a complete food supply chain; and at improving competitiveness through increasing industry co-operation, information flows, business benchmarking and market understanding.

A10.2. Recommendations

The Government's published response to the Milk Task Force Report Recommendations can be found at <http://www.defra.gov.uk/farm/mtfreport/response.htm>

A10.2.1. Improving efficiency

- The key for the future of the sector as a whole is appropriate investment in the production, processing and retailing sectors. This is almost entirely dependent upon business confidence, which in turn depends upon a complex mixture of policy, market and management issues.

A10.2.2. Policy

- The CAP marketing quota system has resulted in a number of inefficiencies in the sector, primarily the creation of artificial quota values that add to the costs of those seeking to expand production. The taskforce recommends that the Government reviews the implementation and administration of quotas to ensure minimum red tape and maximum flexibility, e.g. by breaking the land link and imposing a minimum usage rule. The taskforce endorses Government action in seeking the abolition of quotas, and recommends that this involve the lowering of the EU support price, rather than increasing the national quota level. UK producers should receive full compensation during any transitional period, and should not be discriminated against in comparison with EU producers by high levels of modulation or unequal CAP re-nationalisation.
- Developments in the world market should inform CAP milk regime reforms, and considering the likely increase in intra-EU competition due to enlargement, all dairy products originating within the EU should be subject to a common minimum standard in terms of food safety and animal welfare standards.

A10.2.3. Business Assistance and Grant Schemes

- There was a degree of confusion and uncertainty about the schemes and services currently provided by Defra and DTI, and therefore the taskforce suggests that better co-ordination and publicity is required for such schemes. Furthermore, the Government should look urgently at ways to minimise the delays between applying, securing and receiving grants.

A10.2.4. Farming Production

- Low profitability in dairy farming has led to low levels of investment, which could cause long-term problems. Some recovery is needed for confidence to drive investment.

A10.2.5. Industry Structure

- Larger producer groups may be able to negotiate more favourable prices for inputs for their members, and the task force recommends that a representative body determine whether a national agreement for provision of some inputs would be feasible. However, some producers will continue to benefit from direct supply relationships.
- The task force recommends that the MDC should look to the provision of benchmarking data on the internet, and that Defra make Farm Business Survey data more accessible and usable in order to make benchmarking data available to farmers to allow them to evaluate performance.

A10.2.6. Collection, distribution and processing

- Deregulation of the milk market has led to many competing and overlapping milk collection routes. An estimated 0.2 to 0.3 ppl cost saving could be realised if purchasers increased co-operation and introduced joint collection schemes.
- The benchmarking process is no less important to processors, and therefore all dairy businesses should take part.

A10.2.7. Retailing

- The Code of Practice for Supermarket Buyers is a step in the right direction for aiding better communication between supermarkets and their suppliers. However, in practice it will have little relevance to the average milk producer or co-operative.
- Farmers' markets can provide opportunities for realising added value, however they are unlikely to be able to handle more than a small fraction of UK dairy production.

A10.2.8. Pricing

- Pricing at all points in the milk chain must be a matter for market forces and little can or should be done to interfere on grounds of efficiency. Excessive price fluctuations and lengthy periods of extreme low or high prices can lead to inefficiencies, primarily by their effect on investment decisions. As an aid to the greater transparency required in the sector, the launch of the MDC Datum market information service is welcome.

A10.2.9. Consumer trends

- Consumers generally believe that the fat content of milk is much higher than reality, and this may therefore impact on sales. Whilst recognising the efforts of the Dairy Council, the task force recommends that efforts to stem or even reverse the decrease in liquid milk consumption should include emphasis on accurate descriptions of fat content and other nutritional attributes.
- EC Council Regulation 2597/97 limits on the composition of retailed milk and restricts the ability of companies to expand the milk market by increasing variety and exploring other saleable attributes, e.g. protein content or local origin. The taskforce recommends that the Government should seek to amend the Regulation accordingly.
- The task force recommends that the Government review whether existing labelling rules are adequate to avoid country of origin confusion, and if they are being properly enforced.

A10.2.10. Promotion and Advertising

- The taskforce noted the success of marketing displays by other sectors at major food and farming events and recommends that the Dairy Council consider an industry roadshow.
- The considerable promotional work undertaken by various sources in relation to school milk might be better co-ordinated and brought under one banner. Furthermore, efforts to promote the consumption of fruit in schools should not be at the expense of the school milk programme.
- Promotion involves the creation and maintenance of markets and is therefore too important to ignore or to be left to one single part of the chain. The taskforce recommends further co-operation by all parts of the industry in carrying out a coordinated promotion strategy.

A10.2.11. Market Opportunities

- CAP reform and enlargement will open up the UK market to low-cost commodity producers. This highlights the strategic importance for UK processors of investing in more defensible, higher-added value product markets, particularly the growth potential of the cheese market and the current gap between average per capita consumption in the UK and other EU countries. Research should be done

on the growth prospects and competitive dynamics of the EU cheese market, and the comparative consumption of dairy products in the UK and other Member States.

- The growth of the food service sector could offer a considerable opportunity for the dairy industry. Further market and scientific research is needed into the potential for functional foods or food ingredients based on milk. Urgent research should also be undertaken to identify the nature and volume of different dairy products currently used within the food service market and to make predictions about future opportunities and requirements, in addition to the scope for use and identification of UK milk in such outlets.

A10.2.12. Better Understanding

- Better understanding between the different parts of the food chain would clearly promote greater co-operation in achieving efficiencies. IGD's "Walking the Food Chain" initiative, should be extended to as many key players as possible from other parts of the dairy chain, including managers and employees of dairy processors and retailers, and to other opinion formers such as nutritionists and education professionals.
- The industry could benefit from greater collaboration in commissioning research, as there is currently considerable duplication of effort.
- The National Dairy Farm Assured Scheme should become accepted as an industry benchmark assurance standard.

Appendix 11: Hills Task Force Report

A11.1. Introduction

The establishment of a Hills Task Force was announced at the Agriculture Strategy Industry Forum on 23 November 2000, with a remit to identify ways in which the Government can help English hill farmers to develop sustainable business enterprises that contribute to the upland economy, society and environment, drawing on the full range of England Rural Development Programme schemes and other measures.

A11.2. Recommendations

- That, following the first round of Hill Farm Allowance (HFA) payments in 2001, a thorough analysis be undertaken of the winners and losers, including and excluding the safety net²⁹, and that the Hills Task Force be given the opportunity to discuss this, together with other data about the impact of the changes on net farm income, and submit conclusions to inform the mid term review of the scheme.
- That, especially in the light of the Foot and Mouth outbreak, the Safety Net should continue to be applied at the 90% rate for Year 2 of the HFA, providing stability at least in this component of hill farm income.
- That especially in view of the abandonment which might otherwise be caused by the effects of Foot and Mouth Disease, the HFA Moorland payment be increased by £5 per hectare.
- That there be an appeal mechanism for those who can show that land classified as moorland was in fact not so in 1992.
- That the cut off points for area subsidy at 350 and 700 hectares be revised to 50% reduction at 700 hectares and 100% at 1000 hectares.
- That a Hill Environment Land Management (HELM) Payment be introduced throughout the LFA (but exclusive to it), payable according to the number of environmental criteria met on a holding, this payment replacing the present percentage enhancements, not subject to the same capping and on a scale of payments increasing as HFA rates decline. The criteria would include recognition of the environmental benefits and costs of managing moorland and fell, the maintenance of dense field boundary patterns, the remoteness and difficulty of access to high hills for maintenance and management and the presence of important wildlife and landscape features.

²⁹ The safety net is designed to ease the transition from headage to an area based payment by guaranteeing producers 90% of HLCA receipts in 2002, 80% in 2003 and (under a slightly different calculation) about 50% in 2004).

- That there be continued efforts to identify factors influencing take-up of ESAs and that hill farmers in ESAs be encouraged to enter ESA agreements at least at the lower tiers.
- That with introduction of the HELM across the LFA, ESA Tier 1 and CSS payments in the LFA should increasingly be for maintaining and creating characteristic and special local environmental and cultural heritage features, including rare habitats, landscapes and species, and native breeds of lower productivity, with prescriptions tailored to local circumstances.
- That the long term aim for LFA support should be an integrated tiered payment scheme reflecting environmental and social benefits, actual costs of landscape, wildlife and access maintenance and the economic difficulties of traditional hill farming.
- That the payment basis for agri-environment schemes should reward the production of environmental outputs as well as reflecting agricultural income foregone.
- That standard costs, or a similar arrangement to recognise contributions in kind, and higher incentive payments be introduced to reimburse the costs of agri-environment work.
- That, pending the introduction of a broad and shallow agri-environment scheme, the scoring and payment basis for CSS should reward maintenance of good environment and management as well as positive improvements.
- That ERDP funds be provided for infrastructure to facilitate stock handling, grazing management, husbandry and pollution control in the LFA.
- That agri-environment agreements be rolled forward when the unexpired period reaches five years, to give a minimum of five years assurance of continuation.
- That MAFF agree to pay the consultant for upland CSS surveys direct, taking the risk element of this from the farmer.
- That a series of detailed changes to agri-environment scheme payments and prescriptions be considered/made as part of the review of agri-environment schemes as follows:
 - White fell payment to be increased where there is no reasonable expectation of heather.
 - Exemption from ESA rules on cultivation if necessary to obtain HFA environmental enhancement.
 - Incentive to reduce stock by sale - not transfer to lowland – when taking ESA payment for destocking.
 - Public bodies should adopt a “best value” criterion to take a reasonable local tender even if not the cheapest for ESA/CSS work.
- That scheme payments be made promptly and to a well-publicised timetable which has regard to the cashflow profile for the hill farmer and that part of payments be made automatically if there are significant delays expected.

- That business and environmental appraisal should be integrated in the LFA, reflecting the environmental value as part of the asset base of the farm and a basis for agri-environment funding of environmental goods for which the market cannot pay. This requires integration of environmental assets and potential in the business appraisal process and appropriate funding of environmental appraisal within the Farm Business Advisory Service process.
- That the potential for establishing, and assisting through ERDP, more group animal health schemes be swiftly explored.
- That having assessed the core business of a hill farm and its environmental assets and potential, in considering the appropriateness of the farm for any suggested on or off farm diversification, advisers should be asked to carefully consider the existing capital base, debt burden, tenancy, pension provision, skills and personalities in the farm household, location, planning policy, access to markets, market capacity, susceptibility to fashion, competition and risk, including projecting breakeven points, the impact of premia and interest rate changes and impact on the core business of following a particular course. Particular care must be taken not to apply diversification blueprints in the hills where every situation is different. Sufficient days must be allowed for thorough appraisal.
- That urgent re-examination be undertaken of the scope for funding public sector facilitation for applications under ERDP.
- That immediate priority and fast track procedures be put in place to approve funding perhaps through the Rural Enterprise Scheme, but if not by some other means, for successful umbrella integrated rural regeneration projects in the Less Favoured Areas currently funded under Objective 5b EAGGF, so that schemes can continue their present work, facilitate access to the new ERDP and help in Foot and Mouth recovery.
- That proposals for nationwide provision of integrated advice be taken forward swiftly and that where integrated regeneration projects do not already exist in the LFA, a simple fast track application procedure be made available for one organisation per area to deliver this first stop shop integrated environmental and business advisory and facilitation service, deploying the full range of public and private sector resources.
- That MAFF should endeavour as soon as possible to end the period of turbulence and uncertainty in the LFA about where responsibility for guidance and applications to elements of the ERDP lies in MAFF, so that potential beneficiaries can be given accurate and permanent contact points for assistance.
- That those administering the ERDP must apply pre-application checks and requirements in proportion to the project, not seeking the full range of analysis for smaller projects, which are often the only ones that hill farmers can afford and which will not return a yield sufficient to justify significant pre-application expenditure.

- That delegated grant funds be made available from ERDP and other grant awarding bodies to the first stop shop advisory service to enable survey, research and pump-priming funding of projects.
- That the Regional Development Agencies should be encouraged to play an active part in regenerating the upland economy and where there is an upland LFA in their area, should include in their annual reports a statement on how their funds have helped to address the problems of the upland economy.
- That fiscal measures to address the landlord/tenant issues around access to the ERDP be urgently investigated.
- That those receiving Foot and Mouth compensation payments should be acquainted of the opportunity to reflect before restocking – without tax penalty – and helped by additional fiscal measures to use compensation payments tax effectively or tax exempt for a pension fund or retirement annuity, especially when the slaughtered stock were breeding or milking stock.
- That legislation be introduced to provide for Commons to be managed through Commoners' Associations with democratic decision making capable of binding a dissident minority.
- That, in the absence of Commons legislation, an uplift of agri-environment area payments be applied to all areas with Common rights reflecting the difficulties and risks involved in entering agri-environment schemes for such areas; that there be a grant (payable in advance and not conditional on agreement being reached) for consultancy advice and facilitation to set up such agreements and that the rates should be variable according to the area of common and number of rightholders involved.
- That promotion of ERDP opportunities be extended to the partners and families of farmers, as farmers themselves may be too busy or preoccupied to explore them, and that farmers' partners individually or collectively should be assisted to obtain grants by special consideration where collateral may not be available.
- That auction markets be encouraged to develop collaborative and cooperative ventures, acting as catalysts with ERDP grants.
- That existing businesses with which farmers are in contact, such as bulk purchasers or suppliers, should be approached and encouraged to help farmers collaborate more, including through grants to cover security, training and marginal operating costs of making their specialist equipment and skills, information technology capacity and other infrastructure available for farmers' use outside normal hours.
- That the Countryside Agency seeks to extend the provision of IT buses to all hill farming areas.
- That further consideration should be given to availability of capital for diversification especially for young farmers, in conjunction with business organisations including Business Action in Rural Areas and Business in the Community.

- That concessions on business rates of the kind applied to village shops should be introduced for all farm diversification enterprises in the LFA.
- That the £70,000 minimum threshold for Processing and Marketing Grant under the ERDP be removed or it be made explicit that smaller projects in this category are fully eligible for Rural Enterprise Scheme funding.
- That the reduction of Meat Hygiene Service charges for small abattoirs to a flat rate headage basis be implemented in full.
- That clear advice be given by the Meat Hygiene Service on an individual basis on how, at least cost, each abattoir can adapt to accommodate the ban on pithing.
- That an urgent reconsideration be undertaken of the policy towards small and medium local abattoirs and consideration be undertaken of the potential for reopening recently closed rural abattoirs.
- That the Food Standards Agency clarify the requirements for approval of small cutting plants.
- That measures to ease the financial and regulatory burden on small abattoirs and cutting plants be introduced as soon as possible and that such plants be assisted through the Rural Enterprise Scheme to cope with new demands where this assistance would not be anticompetitive.
- That the MLC advise on best practice for marketing regionally branded meats.
- That a derogation be sought whereby beef from animals over 30 months, which can be demonstrated to have been fed only on grass, be permitted for human consumption.
- That MAFF fund joint research with the organic accreditation bodies to address upland organic prescription issues and the environmental (including biodiversity) benefits of organic farming in the uplands.
- That shooting, fishing, outdoor pursuits and environmental enterprises and organisations be eligible and encouraged to apply for ERDP funding where there would be benefits to the farming community, economy and environment.
- That where the Environment Agency and the Forestry Commission identify a need for increased tree cover for specific environmental needs, such as to improve water management, a new specific grant be considered for this purpose in upland areas.
- That a research project into the potential for new crops and products from the uplands be funded by the MAFF Research programme, with due regard to the pioneering work on this by Central Science Laboratory.
- That funding and a continuing role be given to a relevant institution in England to collate and disseminate research and good practice in upland farming, learning from experience in Scotland and elsewhere in Europe.

- That a higher or further educational institution be designated as a centre for the study of agricultural and multi-functional land management in the English uplands.
- That consultation arrangements for the LFA be reviewed in order to secure greater integration of production-related and ERDP elements of LFA policy, mainstream farmer involvement and closer engagements of parties in Whitehall and the regions.
- That annual public reporting on ERDP expenditure should distinguish between projects within and outside the LFA, and that indicators be prepared and monitoring commenced to show the extent to which ERDP projects benefit environment, economy and community, inside and outside the LFA.

A11.3. Foot and Mouth Recommendations

- That a free integrated business and environmental appraisal with appropriate counselling support be offered to any farmer affected by Foot and Mouth.
- That the appropriate public agencies (Countryside Agency, English Nature, National Park Authorities, local authorities, MAFF, RDAs) should work with farming organisations to develop a post Foot and Mouth strategy especially for the worst hit areas, taking account of what agricultural, environmental and other rural business opportunities exist and targeting recovery funds and ERDP grants accordingly.
- That in planning for restocking affected areas, full account should be taken of:
 - the need to stock with animals appropriate for the area, including hardiness, resistance to local disease and hefting for common grazing;
 - the need to stock with a number, type and mix of livestock appropriate for sustainable environment management;
 - the time that it can take to restock along these lines and establish the stock over several years so as to obtain a return on capital. (The cost and time of shepherding to re-establish flocks on their hefts can be very considerable).
- That holdings that have been destocked as a result of Foot and Mouth continue to be eligible for the Hill Farm Allowance.
- That we welcome the early payment of agri-monetary compensation to farmers to assist cash flow but recommend further assistance for those affected but not infected, including a delegated locally allocated disaster recovery fund for public agencies to assist rural businesses, particularly in tourism. This might give, for example, interest free loans to overcome cash flow problems and help especially those fledgling businesses which might have been started with public assistance, e.g. from Objective 5b, and farm diversification operations where the related business has also been hard hit.
- That immediately after the outbreak a national and international campaign be commenced to promote a recovery in rural tourism and confidence in British

meat, including new moves to promote regionally branded meat based on the findings of Meat and Livestock Commission research.

- That measures be advanced to encourage auction markets to assume a greater role in developing and managing local markets for livestock, including holding and monitoring stock to high welfare standards and organising appropriate haulage. The current plans to impose a minimum holding period on sheep movements could help to encourage the development by the auction markets of a trading regime for sheep with greater regard for disease control and animal welfare.
- That where farmers may decide not to restock, authorities be encouraged to assist in finding new uses for buildings, including guidance on planning options, prioritisation of RDA redundant buildings grant and maintenance of a register of available buildings on the internet.
- That the applications window for Countryside Stewardship be extended until well after the disease has been brought under control since Upland Surveys are not currently being carried out, preventing hill farmers from making applications for this year.
- That if there is any underspend on Countryside Stewardship careful consideration be given to reallocating the funds so that the uplands are not disadvantaged.