



Rural Payments
Agency

Dairy Response Fund 2020 Handbook

The Dairy Response Fund 2020 provides support to eligible dairy farmers in England who produce cows' milk. They can apply for a one-off payment.



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1. What is the Dairy Response Fund 2020?

Background

Since the start of the coronavirus (COVID-19) outbreak, the dairy industry has faced challenges of excess milk, falling prices, and reduced demand from the hospitality sector. Defra has set up a fund to help those dairy farmers most in need in England overcome the impact of the coronavirus (COVID-19) outbreak. The new funding will help support dairy farmers who have seen decreased demand for their products as bars, restaurants and cafes have had to close.

With some dairy farmers facing financial difficulties and excess milk, the new fund will provide support to help them continue to operate and sustain production capacity without impacts on animal welfare by helping cover ongoing costs. These funds will be allocated to those most in need (see section 2 'Who can apply'). Eligible dairy farmers will be entitled to up to £10,000 each. The amount of payment will be calculated on around 70% of their losses from actual milk sales during April and May (see section 7 'Payments').

The fund will be administered by the Rural Payments Agency (RPA). All payments received through the fund are made under s.8 of the Industrial Development Act 1982 (as amended) and the Covid-19 Temporary State Aid Framework for UK Public Authorities (as amended).

2. Who can apply?

This scheme is for dairy producers in England only.

If you are a cross-border farmer with land in another part of the UK as well as in England, you may apply if the majority of your land is located in England and you received your Basic Payment Scheme (BPS) 2019 payment from RPA.

If you are a dairy farmer in Wales, you should contact the [Rural Payments Wales Contact Centre](#).

You can apply for this scheme if the following apply:

- you supply cows' milk to a wholesale purchaser
- you have had a reduction in the average price paid for your milk of 25% or more in April 2020 compared to that paid in February 2020
- the reduction in the price paid for your milk was on account of the coronavirus (COVID-19) outbreak.

Payments will **not** be made for May losses alone.

A/B/C and spot pricing structures/weighting will be taken into account when calculating averages.

To check that your business is eligible, please complete the table below (this is a guide only and does not confirm your eligibility for the scheme.)

| Calendar month | Total litres (delivered) | Total amount paid (£)* | Average price per litre (PPL) in pence | % Price drop | Eligible? |
|----------------|--------------------------|------------------------|--|--------------|-----------|
| February | | | | | |
| April | | | | | |

*the total amount paid is the base figure before any additions (for example, Butterfat, Protein & Volume bonus), and/or deductions (for example, Levy, SCC, Bactoscan & Antibiotic), less any deductions applied on account of the coronavirus (COVID-19) outbreak.

Please note: There are considerable variations in milk contracts, pricing mechanisms and production volume which need to be taken into account. Anyone who believes they may qualify is encouraged to complete the application form and submit their supporting information.

Losses will normally be calculated by comparing the average base price (excluding adjustments) in February and April 2020. Where monthly payments are temporarily delayed by purchasers these delays will not be taken into account into the determination of eligibility.

Applications from farmers who have changed purchaser(s) since February 2020 will be considered on a case-by-case basis, and adjustments to the base price may be taken into account where necessary to ensure a fair assessment.

3. How and when to apply

To apply, complete a [Dairy Response Fund 2020 application form](#) and email it to dairyresponse@rpa.gov.uk

You can only make one application for each business registered with RPA.

Before you submit your application, make sure you have registered the email address with the [Rural Payments service](#). If you do not have an email address, please follow the guidance at Section 6 'Where to send your application form'.

We must receive your application **by midnight on Friday 11 September**. We cannot accept late applications.

All Dairy Response Fund payments are discretionary and there is no automatic entitlement to any payment. We will email you or write to you when we have verified your application to tell you whether it has been accepted or rejected.

4. Wholesale producers of cows' milk

You must provide the following information as part of your application.

- Milk statements issued by your purchaser that show the following information for February, April and May 2020:
 - the total volume of cows' milk collected by your purchaser (in litres or kilograms) during that calendar month
 - the price that you were paid by your purchaser for that calendar month.
- Confirmation of other aid received under the Covid-19 Temporary Framework for UK Authorities (please see Annex 1 for further details).
- Confirmation that your undertaking was not in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation) on 31 December 2019 (please see Annex 2 for further details).

Volume reduction undertaken will not be taken into account when calculating the value of the payment.

If your milk statements are based on a 4 or 5 week period, you may need to provide more than one statement to cover all the full calendar months February, April and May 2020.

If you did not produce cows' milk in February (for example spring block calvers) and believe you have incurred a price loss of 25% or more specifically due to coronavirus (COVID-19), you are able to apply. You should complete an application form and supply further evidence to substantiate your position.

If you have changed your purchaser(s) since February 2020, you are able to apply. You should complete an application form and supply details of your purchasers and the date of the change. As mentioned in section 2, applications from farmers who have changed purchaser(s) will be considered on a case-by-case basis, and adjustments to the base price may be taken into account where necessary to ensure a fair assessment.

If your business has more than one dairy contract (e.g. businesses comprising of multiple dairy units), you should make one application for the entire business registered with RPA and submit all relevant milk statements with your application. Each contract will be considered separately, and your application will be assessed in accordance with the eligibility criteria of the scheme. Payments on all of your business's eligible contracts will be aggregated, up to the cap of £10,000 for the business registered with RPA.

If your purchaser adjusted the price paid for your milk (i.e. applied a deduction), this will be taken into account in assessing your eligibility for the scheme and the payment amount only if the adjustment was applied on account of the coronavirus (COVID-19) outbreak. You should complete an application form setting out the basis of the adjustment and supply evidence to substantiate your position.

You cannot claim grants from both the Dairy Response Fund and the [Local Authority Discretionary Grant Fund](#) in relation to your dairy farming business. If you have already applied for the Local Authority Discretionary Grant Fund you must provide details on your application form. If you wish to proceed with your Dairy Response Fund application you will need to return your Local Authority Discretionary Grant Fund grant or withdraw your application for the Local Authority Discretionary Grant Fund.

You are able to apply for funding from both the Dairy Response Fund **and** the Retail, Hospitality and Leisure Grant Fund.

You need to type your name and date of application into **both** boxes provided for this purpose at sections E and F of the application form, to confirm that you agree to the state aid, compliance and eligibility declarations and to the terms of the agreement, before payments can be made.

5. Direct sellers of cows' milk or milk products, and producers of buffalo, sheep or goats' milk

These groups of producers are not eligible for the Dairy Response Fund.

Only producers who supply cows' milk to a wholesale purchaser are eligible. Please do not apply if you are not eligible e.g. if you only sell milk and/or milk products directly to retail customers, or only produce buffalo, sheep or goats' milk.

6. Where to send your application form

If all or the majority of your land is located in England, email your completed application form to dairyresponse@rpa.gov.uk

We will check the email address you use to submit your application against the information held in the Rural Payments service. This forms part of an important check to maintain the security of your application and any future dealings you have with us.

If we have any queries, we will contact you, so please make sure that you provide us with your up-to-date telephone number and email address on your application.

Data Protection

The Department for Environment, Food and Rural Affairs (Defra) is the data controller for personal data you give to RPA. For information on how we handle personal data go to www.gov.uk and search 'Rural Payments Agency personal information charter'.

7. Payments

Your business must be registered with the Rural Payments service before we can make a payment to you.

Payments will be rounded up to the nearest £250 up to the cap of £10,000 for each business registered with RPA.

Calculating the payment value

- a. Calculate difference between average¹ April and February price per litre (PPL) x volume collected in April (a)
- b. Calculate difference between average May and February PPL x volume collected in May (b)

Total losses based on price reductions = ((a) + (b)) x 70%.

The total amount paid, which is required to calculate the Average Price Per Litre (see section 2), is the base figure before any additions (for example Butterfat, Protein & Volume bonus etc.) and/or deductions (for example Levy, SCC, Bactoscan & Antibiotic etc.), less any deductions applied on account of the coronavirus (COVID-19) outbreak.

Applications from farmers who have changed purchaser(s) will be considered on a case-by-case basis, and adjustments to the base price may be taken into account where necessary to ensure a fair assessment.

We aim to start making payments from week commencing 6 July 2020 and aim to make most payments by the end of September.

If you have changed your bank account details since we last paid you, let us know. These must be up to date for you to receive any payments we make to you - call us on 03000 200 301, 8.30am to 5pm, Mondays and Thursdays only, to update them.

You are responsible for the delivery of your completed application – the sooner you submit a valid application and ensure that your registration and correct bank details are in place, the sooner we can make a payment to you.

8. Verification

We will check the information you have provided against the information held by your purchaser and we will contact you to confirm your eligibility before payment is made. As part of this process we will verify with your purchaser that the reduction in the price paid for your milk was on account of the coronavirus (COVID-19) outbreak.

By completing and submitting the application form, you provide your consent for your data to be provided to us. Please see the application form for full details. If any discrepancies are found you may be asked to provide further information to verify your claim.

¹ A/B/C and spot pricing structures/weighting will be taken into account when calculating averages.

9. Contact us

Telephone: 03000 200 301.

10. Complaints

If you are unhappy with the service we have provided and want to make a complaint, please email trader@rpa.gov.uk

When you contact us, please set out:

- your full name, address and telephone number
- details of what happened and when – mention the scheme name
- how your business was affected
- who you dealt with at RPA
- how you would like RPA to settle your complaint
- any reference(s) you may have, for example your Single Business Identifier (SBI), County Parish Holding (CPH) number, Firm Reference Number (FRN), Trader, Vendor, Claim or Agreement number.

For complaints about the Dairy Response Fund, you may find it helpful to use our [Complaint form](#) although you don't have to use this.

Annex 1 – State Aid Conditions

You need to keep this annex for 4 years after the conclusion of the UK's transition from the EU.

Following the outbreak of coronavirus (COVID-19), the European Commission has approved schemes to aid affected businesses on the basis of their Temporary Framework, including the Covid-19 Temporary Framework measure for the UK.

The maximum level of aid that a company may receive is €100,000 per undertaking active in the primary production of agricultural products. This is across all UK measures under the terms of section 3.1 of the European Commission's Temporary Framework.

The Euro equivalent of the Sterling aid amount is calculated using the Commission exchange rate¹ applicable on the date the aid is offered.

Any aid provided under this measure will be relevant if you wish to apply, or have applied, for any other aid granted based on section 3.1 of the European Commission's Temporary Framework. You will need to declare this amount to any other aid awarding body who requests information from you on how much aid you have received. You must retain this annex for four years after the conclusion of the UK's transition from the EU and produce it on any request from the UK public authorities or the European Commission.

Aid may be granted to undertakings that were not in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation²) on 31 December 2019, but that faced difficulties or entered in difficulty thereafter as a result of the coronavirus (COVID-19) outbreak³. See Annex 2 for further information.

This aid is in addition to any aid that you may have received under the De Minimis Regulation⁴ allowing aid of up to €20,000 to any one organisation over a three fiscal year period (i.e. your current fiscal year and previous two fiscal years), and any other approved aid you have received under other State aid rules, such as aid granted under the Agricultural⁵ or General Block Exemption Regulations. It is not necessary to list any payments made under the De Minimis Regulation or the Agricultural or General Block Exemption Regulations in your Application.

Funding received under BPS, agri-environment and Countryside Productivity Grants is not made under the Temporary Framework and therefore does not count towards the €100,000 limit.

1 [Exchange rate \(InforEuro\)](#)

2 [Commission Regulation \(EU\) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty](#)

3 If you are an undertaking in difficulty within the meaning of Article 2(18) of the General Block Exemption Regulation you may still be entitled to de minimis aid if you have received less than €200,000 in de minimis aid in the last three years. You should contact us if you consider that you may qualify for de minimis aid on this basis. For agriculture the de minimis threshold is €20,000.

4 [Commission Regulation \(EU\) No 1408/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the agriculture sector](#)

5 [Commission Regulation \(EU\) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union](#)

Annex 2 – Undertakings in Difficulty Assessment under Article 2(18) of the General Block Exemption Regulation¹

(18) ‘undertaking in difficulty’ means an undertaking in respect of which at least one of the following circumstances occurs:

- a. In the case of a limited liability company (other than an SME (small or medium sized enterprise) that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, ‘limited liability company’ refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU²) and ‘share capital’ includes, where relevant, any share premium.
- b. In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, ‘a company where at least some members have unlimited liability for the debt of the company’ refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU².
- c. Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.
- d. Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee or has received restructuring aid and is still subject to a restructuring plan.
- e. In the case of an undertaking that is not an SME, where, for the past two years:
 1. the undertaking’s book debt to equity ratio has been greater than 7.5 and
 2. the undertaking’s EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation) interest coverage ratio has been below 1.0.

¹ [Commission Regulation \(EU\) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty](#)

² [Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings](#)