

BASIC PAYMENT SCHEME

The Basic Payment Scheme (BPS) started on the 1st January 2015 and is scheduled to last until 2019. The rules for 2016 are largely the same as seen for the 2015 scheme.

To claim the Basic Payment you must:

- Have eligible land at your disposal.
- Hold suitable BPS entitlements.
- Meet the minimum claim size and active farmer requirements.

Details of the claims process for 2016 can be found on the final page of this factsheet.

LAND ELIGIBILITY

Land eligibility rules are unchanged from the 2015 BPS. Effectively all agricultural land is claimable. Land must be 'at your disposal' on the 16th May (as the 15th is a Sunday), although land must remain eligible (in agricultural use) for the full calendar year.

Land will remain eligible for BPS if non-agricultural activities are carried out provided they do not exceed 28 days in a calendar year. Such activities include festivals, motor sports and clay shooting.

ACTIVE FARMER

The Active Farmer rules were introduced in an attempt to restrict support to those who are genuine farmers. However, despite what the name suggests, this rule has nothing to do with activity in England. *The simplicity of the readmission criteria (over 36 Ha) has made this rule almost irrelevant for most claimants.*

Those on the 'negative list', which includes operators of airports, water companies, railways, real estate services and sports grounds, are deemed ineligible for BPS. However, those with more than 36 hectares (89 acres) of eligible land will be readmitted to the system and be able to claim.

Genuine farmers, with under 36 hectares with such operations will also be able to claim if one of the following readmission criteria applies;

- annual subsidy payments are at least 5% of non-farming income
- total agricultural income is at least 40% of total income
- main business activity is agriculture

Those claimants that are on the negative list will have to state this on the BPS claim. They will then have to indicate if they want to be readmitted via the 36 Ha criteria or one of the income based readmissions. *An 'Accountants Certificate' will need to be provided if readmission is to be granted under the income options.*

MINIMUM CLAIM SIZE

The minimum claim size remains at 5 hectares (12 acres) under the BPS 2016.

ENTITLEMENTS

The introduction of the BPS in 2015 saw all SPS entitlements become BPS entitlements. Details of the number of BPS entitlements held should be available on the Rural Payments website (<https://www.gov.uk/claim-rural-payments>) from the end of February, an Entitlement Statement will also be sent out by post.

In a change from the previous system, farmers must activate **all** of their entitlements in a single year at least once every 2 years, i.e. you cannot rotate entitlements to avoid losing them.

For 2016, entitlements can be transferred or leased online using the Rural Payments website. It will not be possible to give-up, sub-lease or transfer entitlements through inheritance on the online system, for these actions RLE1 forms will remain available. The post entitlement transfer balance will be updated online once the 'effective date of transfer' is reached. The deadline for transfers to be available for the 2016 BPS claim is Monday 16th May 2016. Paper confirmations will be sent out by post in the short term.

The person receiving the entitlements must be an Active Farmer. The 2015 'Active Farmer' declaration will continue until May 16th 2016 as long as there has been no change in circumstances. A stand-alone Active Farmer declaration can be used for new claimants in 2016.

CAPPING / DEGRESSIVITY

Capping, now known as 'degressivity', is mandatory across all EU Member States. England has opted for the mandatory rate of a 5% reduction to payments above €150,000. The Greening element is not subject to this limit. Therefore this will only affect those with total BPS payments of more than around €214,000.

GREENING

30% of a claimant's total BPS payment is conditional on complying with the Greening rules (Crop Diversification, Ecological Focus Areas and Retention of Permanent Pasture). 2016 rules largely follow those of 2015, however there have been a couple of changes;

- oilseed radish is an eligible catch/cover crop for EFA
- EFA buffer strips and hedges can be within 5m of the arable land i.e. they can be separated by a track.

Please refer to our Greening Factsheet for detailed information on the Greening rules. This can be found at http://www.theandersonscentre.co.uk/Free_Downloads.asp

ACCOUNTABLE PERSONS

For 2016 it will be necessary to give the details of Accountable Persons. This requires information about all those who are *'in control of, and make decisions about, the business and share in the profit and risk of the business'*. This includes sole traders, partners and shareholders.

Not all shareholders have to submit details, they will if

- there are only 2 shareholders
- they have more than 10% of the shares
- if they are one of the three largest shareholders.

The full name, National Insurance number and percentage of the business they own will need to be submitted for all accountable persons.

Details of accountable persons are not required to make a BPS claim but must be submitted before the BPS payment is made, these can be submitted on the Rural Payments system.

NATIONAL RESERVE

Around 3% of the total BPS budget is allocated to a 'National Reserve'; this is used to create entitlements for New Entrants and Young Farmers. The National Reserve will be open for applications in 2016.

New Entrants/Farmers

To qualify for entitlements under the National Reserve, the farmer must be at least 18 years old, must have started their agricultural activity in 2013 or later and must not have carried out any agricultural activity (at their own risk) in the 5 years before this. The New Entrant must apply for the BPS within 2 years of starting farming.

Young Farmer

A Young Farmer must be an active farmer between 18 and 40 years old and have taken 'control' of the business within the last 5 years.

To be eligible for entitlements under the National Reserve a Young Farmer or New Entrant must be in control of the business. In control means a person is directly exposed to the risk of financial benefit or harm as result of the businesses success or failure. More than one young person can be in control of the business provided that there is a formal agreement to vote together, giving them majority share.

Young Farmers and New Farmers will have to have a 'certification form' signed by an accountant or solicitor. This form will confirm;

- they are in control or head of the agricultural holding
- the date they took control of the business
- the date of their birth

Various documents will be required to be produced for the accountant or solicitor to prove this information. The certification form and guidance can be found on the Rural Payment Agency's website. In 2016 there is a separate application process to the National Reserve, it is not part of the BPS claim.

YOUNG FARMER SUPPLEMENT

Additional funds for Young Farmers (18-40 years old) will be worth an extra 25% on their BPS, this will be paid on a maximum of 90 hectares for up to 5 years after they started or took control of the business. The top-up is worth approximately £4,000 per year.

Applications for this top up will be made as part of the BPS application each year. A 'certification form' signed by an accountant or solicitor will need to be submitted to the RPA in the first year of application. This form will confirm;

- they are in control or head of the agricultural holding
- the date they took control of the business
- the date of their birth

Those who claimed the supplement in 2015 will need to claim again on their 2016 BPS application.

CROSS COMPLIANCE

Cross-compliance remains part of the new system. Key changes for the 2016 year are;

- SMR 7 – Cattle keepers must record the dam's ear tag number for animals born on their holding, however it is not necessary to record dam numbers for animals arriving on the holding.
- GAEC 7c – The RPA has clarified that trees acting as windbreaks in an orchard, vineyard, hop yard or hop garden are exempt from the 1st March to the 31st August (inclusive) non-cutting and trimming rules.

For 2017 GAEC 1 rules will also apply on parcels less than 2 hectares. This will mean that reasonable steps must be taken to maintain a green cover on land within 2 metres of the centre of a watercourse or field ditch. Cultivations and fertiliser applications will not be permitted on the 2m buffer strip. This information is being provided now so that strips can be established in autumn 2016 if required.

Full cross compliance guidance can be found at <https://www.gov.uk/guidance/guide-to-cross-compliance-in-england-2016>

PAYMENTS

In England, the three existing SPS regions remain under the BPS. However the proportion of funds allocated to each region changed so that Severely Disadvantaged Area (SDA) payment rates are now equal to that of the Lowland region, this has seen Lowland rates fall. Moorland area payments also increased.

The Euro exchange rate used to convert BPS payments from Euros into Pounds is now the average throughout the whole month of September. The choice remains to receive the BPS payment in Euros.

Payments under the BPS can commence in December through to June. For the 2015 BPS over 75% of claimants received payment by the end of January. *For 2016 more applications should be made online, this should speed up the process although again it seems prudent to budget for payment in January rather than December.*

RURAL DEVELOPMENT

The majority Rural Development funding (87%) in England will be for the Countryside Stewardship Scheme. 5% is going to the Growth Programme to improve the rural economy, 4% to LEADER and the final 4% is earmarked for 'competitiveness' under the Countryside Productivity Scheme.

COUNTRYSIDE STEWARDSHIP SCHEME

The Countryside Stewardship Scheme (CSS) replaces the previous Environmental Stewardship (ES), woodland funding and catchment sensitive grants. An estimated 30% of agricultural land will eventually be under CSS agreements, currently around 70% of land is under an ES agreement.

Applications can be submitted on paper between 14th March and 30th September; with agreements starting 1st January.

The scheme is competitive with applications scored against Priority Target Statements which will inform applicants of the priorities for the local area. Using options within the Wild Pollinator and Farm Wildlife Package will improve the chances of an application being successful.

There are three tiers;

- 'Higher Tier' - similar process to the old HLS but by invitation only. All woodland options are Higher Tier—see Woodland Grants. 5 year agreement term (although this could be 10-20 years for certain objectives, particularly those involving woodland or habitat creation). Options should be applied over 5-10% of land entered into the scheme.
- 'Mid Tier' - 5 year agreement term with potential 2 year extension. Under the Mid Tier, options should be applied over 3-5% of the land entered into a scheme (for ELS this was around 1%).
- Hedgerows and Boundaries Capital Grant - short agreements (1-2 years). Grants of up to £5,000, will be open to those not in a current Environmental Stewardship Scheme, or CSS Higher or Mid-Tier. 12 capital items are available for the restoration of hedges and boundaries. The application window for capital grants will be February to 30th April 2016. Agreements will have monthly start dates, first likely to be 1st August 2016.

The CSS had significant teething troubles in 2015 but for 2016 the scheme guidance has been simplified, there is a longer application window and a number of tools will be available to help option choice. Letters about CSS will be sent to around 20,000 expiring ELS agreement holders.

ORGANIC AND UPLAND AREAS

A range of upland and organic options have been included in the CSS. A payment of £43 per hectare is granted for management of moorland whilst enclosed rough grazing will receive a payment of £39 per hectare. Organic improved permanent grassland will receive a payment of £40 per hectare, unimproved permanent grassland £20 per hectare and rotational land £70 per hectare.

WOODLAND GRANTS

All woodland options are offered through the Higher Tier of CSS. Grants available are;

- Woodland Creation - 16th Feb - 31st March application window
- Woodland Planting - rolling application window
- Tree Health - rolling application window
- Woodland Improvement - same as HT, 14th March - 30th April, full application by 30th September.

ADVICE AND SUPPORT

Mid Tier agreements will not have any dedicated advice, support and application help will need to be sourced from external providers, e.g. consultants. Higher Tier agreements, much like the previous HLS, will have a dedicated Natural England advisor for those who have a successful Expression of Intent. These agreements can have options and prescriptions tailored to individual circumstances.

Facilitation funding for setting up 'landscape scale' agreements is available. This must involve at least 2,000 hectares (unless a smaller environmental boundary exists) and comprise of at least 4 adjoining holdings. Applications must be submitted by 18th March 2016.

COUNTRYSIDE PRODUCTIVITY SCHEME

This scheme was available in 2015 (and significantly oversubscribed). A further round is expected in 2016, funding the following;

- Investing in equipment for improving animal health and welfare, managing resources or improving woodfuel and forestry supply chains
- Demonstration farms
- Training, workshops and other forms of learning
- Groups of farmers, foresters and researchers to test new ideas and apply research

More information can be found at <https://www.gov.uk/government/collections/countryside-productivity-scheme>

GROWTH PROGRAMME

Local priorities are set by Local Enterprise Partnerships (LEPs) with monies available for;

- Small and micro business set up costs
- Employee training
- Rural broadband projects
- Rural renewable projects
- Promoting rural tourism

More information of the programme including details of current 'Calls for Applications' can be found at <https://www.gov.uk/government/collections/growth-programme-grants-for-the-rural-economy>

LEADER

Funding to help businesses and the rural economy grow is available through LEADER, full details can be found at <https://www.gov.uk/guidance/rural-development-programme-for-england-leader-funding>

BPS CLAIMS PROCESS 2016

Following issues with the Rural Payments system in 2015 applications for 2016 can be made online or by paper. Guidance and forms will be made available from early March. Paper forms will only be sent out automatically to those who applied on paper in 2014. Paper application forms and maps can be requested from the RPA.

By March it should be possible to view land via the online Land Viewer. These can be digital maps or aerial photography. It should be possible to check whether previously notified changes to field boundaries and features have been processed.

To make an online application details of 2016 cropping will be completed on a field-by-field basis online; this will be tabular based and will not require maps to show different land uses on the fields. Note that areas will now be recorded to 4 decimal places. Land use codes will still be used. Features used for Greening (Ecological Focus Areas) will also be recorded here. This information will 'build' the applications and will feed through to pre-populate a 'form' similar to the 2015 BP5. Claimants or their agents will be able to print a copy off to check before submitting it. There will be some built in checks and it will be possible to track an online claim throughout the year.

An RLE1 form must still be used for land changes - permanent boundary change, merging/splitting fields, registering new land not on the RLR and adding BPS ineligible features. These cannot be made online. Maps can be requested from the RPA or individual fields can be printed from the Rural Payments system to accompany RLE1 forms.

The deadline for submitting a claim is 16th May 2016.

ONLINE REGISTRATION

As per 2015 all claimants must be registered on the Rural Payments system, last year's login details will be valid. For any new claimants in 2016, this can be completed by going to www.gov.uk/ruralpayments. Online verification is available through gov.uk/verify. The RPA helpline, 03000 200 301, can also be used.

EMPOWERMENT / PERMISSIONS

Once onto Rural Payments users will automatically be taken to the 'Your Businesses' page. Farmers will be able to give Agents permission (previously known as empowerment) which are split into four areas;

- Business details
- Land details
- Entitlements
- Basic Payment Scheme

Within each area there are different levels of permissions. Permissions for entitlements are now separate so that one Agent could be dealing with entitlement transfers whilst another is assisting with the BPS claim.

HOW CAN ANDERSONS HELP?

We understand the BPS rules and, importantly, we also understand what the on-farm implications are.

We can help you with the new rules and the application process. The application process will take longer than in previous years, if you would like our help please contact us before mid-April.

*For further information please visit our website
www.theandersonscentre.co.uk*

Or contact a member of the team:

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