

AGRICULTURAL POLICY TRAINING SAMPLE

**CAROLINE INGAMELLS
EMILY EVANS**

April 2015

AGENDA

- **CAP and BPS Background**
- **Basic Payment Scheme**
 - **Entitlements**
 - **Land eligibility**
 - **Active Farmer**
 - **Payments and appeals**
 - **Working with the BPS.**

THE COMMON AGRICULTURAL POLICY

CAP: HISTORY

- **Common Agricultural Policy part of original Treaty of Rome that set up EEC in 1957 (6 members)**
- **UK took on CAP systems when it joined EEC in 1973**
- **Original CAP aims;**
 - food security, fair consumer prices
 - stable agricultural markets / acceptable farm incomes
- **Achieved by keeping internal European farm prices ‘artificially’ high;**
 - intervention buying – a guaranteed price and market
 - tariffs to prevent cheap imports from the rest of the world
 - export refunds to allow Europe’s surpluses to be sold

CAP: EVOLUTION

- **Traditional support systems started to have problems;**
 - over-production (milk lakes, grain mountains) = high cost
 - compatibility with trade commitments
- **1984 – milk quotas**
- **1992 – MacSharry reforms**
 - **production controls** – set-aside + more quotas
 - **price cuts** – guaranteed intervention prices reduced
 - **compensation** – direct payments to farmers – Arable Area Aid; Beef & Sheep headage payments etc.
- **2000 – ‘Agenda 2000’** – continuation of MacSharry process
- **2005 – Mid-term Review aka Fischler Reforms – introduction of the Single Payment Scheme**
- **2008 – Health Check – set-aside abolished**
- **2009 – 2011 – minor reforms**
- **2015 – introduction of the Basic Payment Scheme**

BASIC PAYMENT SCHEME

- **Political agreement on CAP reform 26th June 2013**
- **Implementing Regs/Delegated Acts Scheme guidance 2014**
 - autumn 2014 plantings BPS compliant
- **Basic Payment Scheme (BPS) started 1st January 2015**
 - scheduled to run until 2019 claim
 - review of CAP scheduled for 2018
 - new Commissioner Phil Hogan - simplification
- **The BPS system is similar to the previous SPS**
 - entitlements triggered yearly by eligible land

THE BASIC PAYMENT SCHEME

THE BASIC PAYMENT SCHEME

- **Launched on 1st Jan 2015 to replace the SPS**
- **Based on ‘entitlements’ to receive subsidy – similar to SPS**
 - separate, tradeable assets. Entitlements like a share, the BPS is the dividend
- **Entitlements have to be matched against eligible agricultural land on a yearly basis**
- **One yearly application (15th May)**
- **One payment (1st Dec onwards)**
- **Must follow cross-compliance (land management) rules**
- **Under SPS different systems chosen in different parts of the UK**
 - England – ‘regional payment system’ – every hectare of eligible land in a particular region now gets paid the same amount (as from 2012 SPS)
 - Scotland & Wales - ‘Historic payment system’ – converging under BPS

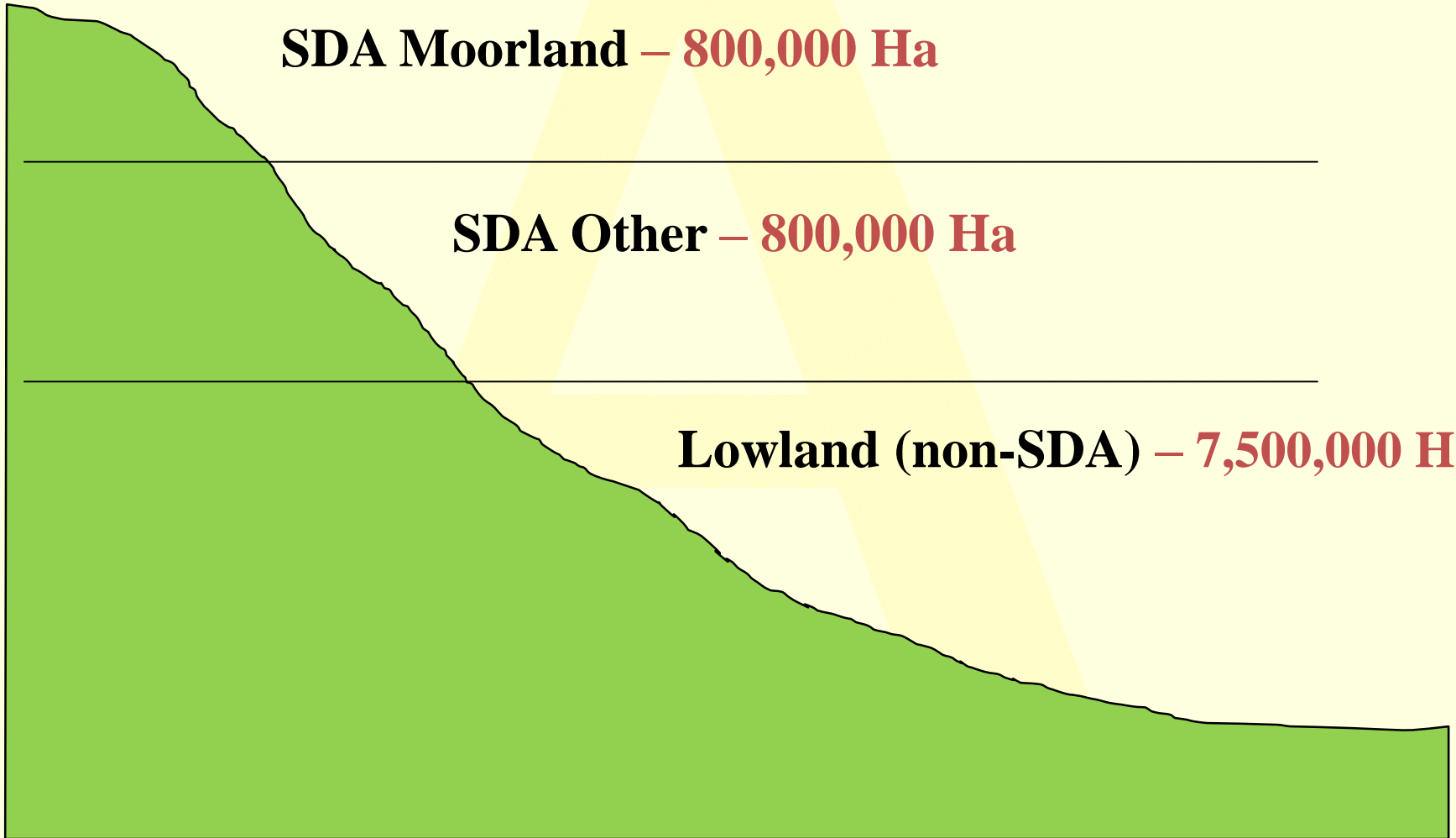
ENGLISH REGIONS

3 Regions

SDA Moorland – 800,000 Ha

SDA Other – 800,000 Ha

Lowland (non-SDA) – 7,500,000 Ha



ENTITLEMENTS

- **Existing entitlements ‘rolled over’ in England**
 - same *number* of BPS as SPS – different *value* (in €s)
- **Minimum 5 entitlements (& 5 Ha of eligible land)**
- **Entitlement type must correspond to the land being claimed**
- **Trading still possible for 2015**
 - trading SPS entitlements ended
 - BPS trading now open via RLE1 forms
 - deadline for 2015 to be 15th May (maybe extended)
 - lease without land will be possible under BPS
- **Confiscation of excess only happens after claim (15th June)**
- **All denominated in Euros (converted on yearly basis)**

NATIONAL RESERVE

- **National Reserve (NR) available for 2015 (3% of budget)**
 - two categories – Young Farmer or New Farmer
 - claim made at same time as normal BPS (before 15th May/June)
 - completely new allocation, or top-up of entitlement numbers
 - same value and same usage rules as other entitlements
- **New Farmer** (must be over 18 years old)
 - started farming activity in 2013 or later and was not responsible for any agricultural activity in the 5 years preceding
 - must claim within 2 years of the year they started business
- **Young Farmer**
 - same eligibility rules as the Young Farmer Payment (YFP)
 - *Note; NR for **grant** of entitlements, YFP for **top-up** on payment*
- **Ongoing National Reserve in future years**

ENTITLEMENTS

- **‘Use-them-or-lose-them’ rule changes**
 - once in every 2 years farmers must activate all their entitlements in a single year
 - will be done in 2015, so 2017 is key
- ***Remember, fundamentally different in Scotland and Wales***
 - *completely new grant of entitlements*

LAND ELIGIBILITY

- **Generally, all land previously eligible for SPS remains eligible for BPS** (no land ‘naturally kept’ in England)
 - whole-year eligibility requirement – watch land going out of agriculture; 28-day rule remains – land at disposal 15th May
- **Eligible land use includes** - combinable crops, proteins, grassland, forage crops, cover crops, roots and veg, fruit, nuts, vines, cut flowers, turf, hops, short rotation coppice...
 - grazed woodlands – scattered trees, normal farming activity
- **Ineligible land includes**
 - woodland and forest, land not being used for agricultural purposes, ineligible features (tracks, yards etc.)
 - Land used for solar panels (new under BPS)
- ***See page 17 of BPS Handbook 2015***

ACTIVE FARMER

- **Started complicated but now simple (in England)**
- **Those with more than 36 Ha of eligible land can claim BPS even if on the ‘negative list’**
- **‘Negative’ list** - operators of airports, waterworks, railway services, real-estate services and permanent sport & recreational grounds.
- **If on the negative list and under 36 Ha may still be able to claim BPS if:**
 - annual subsidy payment's at least 5% of non-farming income
 - total agricultural income at least 40% of total income

PAYMENT AND APPEALS

PAYMENT

- **Can opt on BP5 form whether to be paid in £ or €;**
 - if £s, conversion of BPS is based on average prevailing exchange rate for the month of September (used to be spot 30th Sept)
 - various hedging options available to take out ex. rate risk
- **Payment (by BACS) from 1st Dec in scheme year**
- **Payment window 1st Dec to end of June**
 - delay in verification procedure, knock on effect, budget March?
- **Payment is made net of deductions**
 - Pillar transfer (previously modulation) and financial discipline
 - any penalties
- **A Payment Statement is sent (usually after payment) detailing the full calculation – worth checking**

APPEALS

- **Penalties can be imposed for;**
 - late submission
 - incorrect areas
 - cross-compliance breaches
- **There is an inspection process – see cross-compliance**
- **Staged appeals process**
 - <https://www.gov.uk/government/organisations/rural-payments-agency/about/complaints-procedure>
 - via CA1 form
 - Firstly through 3 levels of RPA review
 - if still unsatisfied, a ‘Stage 4’ appeal – goes to an independent appeals panel
 - possible to go to Judicial Review after this

WORKING WITH THE BPS

- **Don't be afraid to ask questions – helplines, advisors, professional bodies etc.**
- **Always maintain a high level of thoroughness**
- **You can't cut corners when it comes to the RPA**
- **Maintain an organised paper trail**
- **Keep things simple for management ease**
- **Developments are fast – keep abreast of changes and future implications**

AGRICULTURAL POLICY TRAINING SAMPLE

**CAROLINE INGAMELLS
EMILY EVANS**

April 2015