



Llywodraeth Cymru
Welsh Government

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Common Agricultural Policy Reform

Basic Payment Scheme - Update



Important - please read this carefully

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BASIC PAYMENT SCHEME (BPS) – UPDATE NOVEMBER 2014

This update is to inform you of some of the latest information we have regarding the new Basic Payment Scheme (BPS) that will be introduced from next year. This information will help you prepare for the completion of your 2015 Single Application Form (SAF) and updates some of the information in the booklet we sent you in July “*Your Guide to the Basic Payment Scheme in Wales*”.

RPW Online

Remember the 2015 Single Application Form (SAF) will be completely new to reflect the requirements of the new BPS and it is necessarily more complicated than the ones you are used to and much longer to complete on paper. It will be shorter online as we can adapt it based on your answers at the beginning of the application to offer only questions relevant to you. Also, the online SAF will offer easier to use question-specific help and some auto-validation to avoid predictable or inconsistent entry errors. You will also have the aid of your maps online with easy to use measuring tools to help with declaring permanent features and EFAs etc. If you are not yet registered with RPW Online and do not have an activation code, please call the Customer Contact Centre. Their telephone number is 0300 062 5004 (Open 8.30 to 17.00 Monday to Thursday and 8.30 to 16.30 on Friday).

Land at Your Disposal in 2015

When declaring your land on the **SAF from 2015 you must declare only the land that is at your disposal on the 15 May**. Land is ‘at your disposal’ only if you are:

- The owner occupier; or
- A tenant with an Agricultural Holdings Act 1986 tenancy or Farm Business Tenancy.

Where land is let out to a tenant under an Agricultural Holdings Act 1986 tenancy or a Farm Business Tenancy (i.e. a formal tenancy) it is at the disposal of the tenant, not the landlord. That land must not therefore be included on the landlord’s SAF at all (this is a change from what you have done before).

Where you may allow a licensee onto your land under a license arrangement that is specifically for grazing, cropping or taking hay/silage over a specified and limited period of time within the year; that land is at your disposal as the licensor. If you are the farmer (owner/tenant) in a contract farming agreement then you (owner/tenant) also have the land at your disposal.

If you are a licensee who occupies land specifically for grazing, or taking hay/silage over a specified and limited period of time within the year this is not at your disposal and you are not eligible to claim BPS on such land. It is the actions on the ground that will dictate what the arrangement is, so if someone is doing all the farming and maintenance of the land as well as grazing or taking hay/silage over an undefined period of time, it is likely that, regardless of how it is described by the parties involved, in legal terms, there is a tenancy in place. Where this is the case this grazier is actually a tenant and has the land at his disposal.

Licensors should be cautious to clearly define the limited period and permitted activities of the arrangement to avoid confusion over who actually has the land at their disposal. As a claimant you should also ensure that you are able to provide evidence of your agricultural activity on the land in question (such as invoices for hedge cutting, fencing, silage contracts or receipts for fertilizer or fencing you’ve purchased to use on the land).

Land with Trees or other Ineligible Features

Under CAP Reform regulations the handling of grazed woodland and parcels with groups of trees and areas of ineligible scattered features has changed for the BPS. From 2015 the rules apply a stricter regime for field parcels with trees and ineligible scattered features such as rocks and scree, bracken and scrub. The impact is a possible reduction of eligible area.

Regarding trees, where a parcel has scattered trees of more than 100 trees per hectare the whole parcel is ineligible. Where there are 100 trees or fewer per hectare you will need to make a deduction for the trees to establish a grazable area within the parcel. Also, where there is a group of trees the whole area occupied by them is to be deducted from the eligible area of the parcel (not just a deduction for the trunks).

Another change is that natural ponds are now included in the eligible area of the parcel.

Greening – Organic land

Farmers can choose for their organic land not to automatically qualify for the greening payment. If they do this they will have to meet the crop diversification and EFA on all their organic and non-organic arable land. This means they can grow crops and have EFAs on their organic and non-organic land to meet the greening rules.

Greening - Ecological Focus Areas (EFAs)

Where you are declaring land for EFAs that cover only part of a land parcel (e.g. fallow, nitrogen fixing crops), you will need to submit a map with your SAF each year confirming the location of those EFAs. A map is not required if the EFA covers the whole of the land parcel (or for hedges and walls).

A land parcel (or part-parcel) can be classed as fallow land for EFA purposes if it is already classified as arable (including temporary grass). It cannot be classed as fallow land if it is or it becomes permanent grassland. It must be converted to arable land prior to it being used as fallow within your EFAs. Therefore land will need to be converted to arable land prior to using it as fallow within your EFAs.

The type of fallow land must now be identified. The types are natural regeneration, grass, or wild bird seed. The Single Application Form 2015 Rules Booklet will confirm the new crop codes to be used for each type of fallow land.

There is no longer a minimum length for hedges and traditional stone walls. Also, gaps of 2 meters or less are now ignored and included within these EFAs. If you sent us an FM4 by 31 October 2014 informing us of your EFAs then we aim to include them on your pre-printed SAF 2015. Where you do not have your EFA's pre-printed on the SAF you will need to identify them and complete the area/length of the features you are declaring. We will be providing a simple mapping tool in December to help you measure features on your land using your RPW Online login. If you have not yet signed up to RPW Online you should do so now so that you can take advantage of this and many other features that make completing the SAF online so much easier than the paper form for 2015.

Farmers who have potential EFA features and who have not submitted an FM4 by 31 October 2014 will not be penalised for submitting them later.

Greening - Crop Diversification

The assessment period for crop diversification has been set as 01 May to 15 July (also known as the "cropping period"). We will inspect a sample 5% of customers required to meet the crop diversification requirements. At inspection we will need to see either the eligible crops used for crop diversification or a crop residue (such as stubble) if they have already been harvested before inspection. No other evidence of the crop will be acceptable.

Greening – Fallow Land

Clearly, during the fallow period farmers cannot declare land as fallow if they store bales of hay, silage, straw, muck or farm machinery on it. This will apply to fallow land counted for both the crop diversification and EFA rules (but they do have different fallow periods; EFA land must remain fallow from 1 February to 31 July).

Land Classification

All land parcels will have a pre-printed land classification on the Single Application Form in 2015 based on the crops declared in 2014, for example Arable Land or Permanent Grassland. This classification has to be mapped, therefore where a parcel has two land classifications you will need to submit a sketch map with the Single Application Form illustrating where in the parcel the dividing line is positioned.

Young Farmer

Clarification from the European Commission (EC) on the eligibility criteria for a young farmer means that a young

farmer can be head of holding in either a new or existing business. This updates the July booklet that said only new businesses could be eligible. It is important that evidence is submitted, **by 15 May** (applications and supplementary documents accepted up to 9th June are subject to penalties), proving the young farmer is in fact the head of the holding, including the date of change and explaining the business reason for the change. This is because the EC require a check to ensure the business change was not made artificially to obtain additional funding.

This applies to the Young Farmer Payment and for applications from young farmers to the National Reserve (NR). National Reserve guidance will follow shortly.

Private Contract

Clarification from the European Commission (EC) on the rules for private contracts means that each party to the contract (seller/lessor and purchaser/lessee) must be active farmers in 2015 (at least for part of 2015). This is the case for both types of private contract: transfer of rights and or entitlements.

Therefore, the transfer of the farm must take place in 2015 unless the seller/lessor has other land and is an active farmer on that land (e.g. rented land from another holding). Part-farm private contracts can be entered into prior to 2015 provided both parties are still farming in 2015.

Active Farmer

From 2015 you will be allocated, or be able to activate, BPS entitlements and apply for Glastir Organic support only if you are an active farmer.

You will qualify if you are a farmer undertaking farming and/or land management activities on eligible land that is at your disposal/in your management control and your business does **not** operate any of the following: railway services: airports, waterworks, real estate services managed on a fee or contractual basis, permanent sport and recreational grounds. These non-agricultural activities are referred to as the "negative list".

However, if you do operate a non-agricultural activity on the negative list you may still be eligible to apply for BPS if you can satisfy at least one of the following readmission criteria:

- The amount of Direct Payments (for 2015 use 2014 SPS) is at least 5% of your receipts obtained from non agricultural activities. To satisfy this test you will need to submit a letter from a chartered accountant confirming:
the value of your receipts from non agricultural activities, which must be itemised.
- Your total agricultural activity receipts are at least one third of your total receipts. To satisfy this test you will need to submit a letter from a chartered accountant confirming:
**a) the value of your total agricultural receipts, which must be itemised, and
b) the value of your overall receipts.**

You will need to supply the required supporting information by 15 May (or subject to penalties up to 9 June) **every year** you operate a non-agricultural activity on the negative list to enable at least one of these criteria to be verified and are advised to take independent legal and/or financial advice to ensure you can satisfy these conditions. If you fail to declare that you operate one of these non-agricultural activities and our controls reveal you do then you would lose all of your entitlements and any payments made. Subsequent to the submission of your application and evidence we may need to examine full details as part of our controls.

Land with solar panels will not be eligible for BPS

Land parcels with solar panels on them will not be eligible for the BPS. This includes the land between, underneath and around the panels, even if it is being grazed, or is accessible for grazing. This is a departure from the rules under the Single Payment Scheme (SPS) as we consider that such land cannot continue to be classified as having agriculture as its main purpose under BPS rules.

If the solar panels are concentrated in a single area within the land parcel (e.g. a corner or one end), and you want to claim for payment on the rest of the land, you must fence off the land with the panels creating 2 separate land parcels.

