

# COMMON AGRICULTURAL POLICY REFORM 2015

**Sarah True – Adkin**

**Vicky Robinson – Natural England**

**Steve Cook – Farming Advice Service**

**NATURAL  
ENGLAND**

**ADKIN**  
ESTABLISHED 1793

**Farming  
Advice Service**

# **CAP REFORM WHAT IT MEANS FOR YOU**

**Sarah True – Adkin**

**Professional Advisors on all Property Matters  
Agricultural, Residential & Commercial**



# SPS 2013

- Payments start Monday 2 December 2013
- Flat rate €323.97 Non SDA land (€323.91 2012)
- Exchange rate €1 = £0.83605 (£0.79805 2012)
- Value of entitlements = £270.86
- EU & UK Modulation @ 19%
- Financial Discipline @ 2.453658% above €2000

# SPS 2013 – EXAMPLE

- 100ha claim @ £270.86
- Total payment before modulation = £27,085
- European Modulation = £2,061.47
- National Modulation = £2,875.76
- Financial Discipline = £623.56
- Total Deductions = £5,560.79
- Final payment after deductions = £21,524



# SPS ONLINE

- 2013 Entitlement Statements available in new year
- 2015 – Mandatory online claim submissions
- 2014 – sign up for SPS online in preparation for new scheme
- New IT system for 2015
- RLR Maps



# SPS 2014/15

- Single Payment Scheme remains for 2014
- Current rules/deadlines
- New budget
- Modulation rate could change to 15% in UK plus 10% for EU (Total modulation 25%)
- Land & entitlement transfers – 2 April 2014
- Soil Protection Review
- Dual Use

# CAP REFORM - TIMETABLE

26 June 2013	Political Agreement on CAP
October 2013	Consultation (closes today)
November 2013	Legal Texts Expected
Spring 2014	Implementing Regulations
1 January 2015	New Scheme Starts
15 May 2015?	First Applications

# BASIC PAYMENT SCHEME - KEY CRITERIA

- Annual application in spring each year
- Entitlements
- Eligible land at your disposal
- Flat rate payment per entitlement
- Cross compliance
- Application to cover all agricultural land
- Greening



# BASIC PAYMENT SCHEME - ENTITLEMENTS

- Entitlements – rolled over
- Holder on 31 December 2014
- ‘Farmer’ to hold entitlements
- ‘Active Farmer’ to claim entitlements
- 2 year ‘use or lose’ rule
- Value recalculated

# BPS – FARMER

- The definition of a ‘farmer’ is someone who exercises an ‘agricultural activity’.
- An ‘agricultural activity’ is defined (Article 4 (c)) as any of:
  - 1) What one would perceive as ‘normal’ farming – **producing, rearing or growing agricultural products**; or
  - 2) Maintaining the agricultural area so that it is **‘suitable for grazing or cultivation’** without needing ‘any particular preparatory action’. (GAEC 12); or
  - 3) A level of **‘minimum activity’** on ‘agricultural areas naturally kept in a state suitable for grazing or cultivation’.
- Someone who meets any one of these three strands should be a ‘farmer’. But, is he an ‘active’ one?

# BPS – ACTIVE FARMER

- All farmers are active ones unless they fail one of two tests:
- 1) **minimum activity requirement** – This excludes those farmers whose agricultural area is ‘mainly’ (which is understood to mean more than 50 per cent) ‘naturally kept in a state suitable for grazing or cultivation’ and who do not then carry out the Member State defined minimum level of activity on that area.
- We are yet to receive further clarification on this matter.
- 2) **mandatory negative list** – This test sets out a mandatory list of those types of ‘undeserving’ user who will not be regarded as being ‘active farmers’ unless they can demonstrate to the contrary. This negative list excludes anyone who ‘operates’ airports, railway services, waterworks, real estate services, permanent sport and recreational grounds.



# BPS – ENTITLEMENTS

- Land at your disposal
- More entitlements than land – irretrievably extinguished
- Trading entitlements
- Less entitlements than land – National Reserve
- Implications for 2014 & 2015 claims

# BPS – ENTITLEMENT TRANSFERS

- Land and entitlement transfers
- 2 April 2014 – 31 December 2014
- Two different schemes
- Transitional arrangements
- Transfers by 18 November 2014?
- Transfer prior to 2 April 2014 or after 31 December 2014



# BPS – PAYMENT

- Area based mechanism
- Basic Payment
- Greening Top Up @ 30%
- Young Farmers Scheme
- New Modulation
- Financial Discipline – threshold €2000
- Exchange Rate – September average

# ELIGIBLE LAND

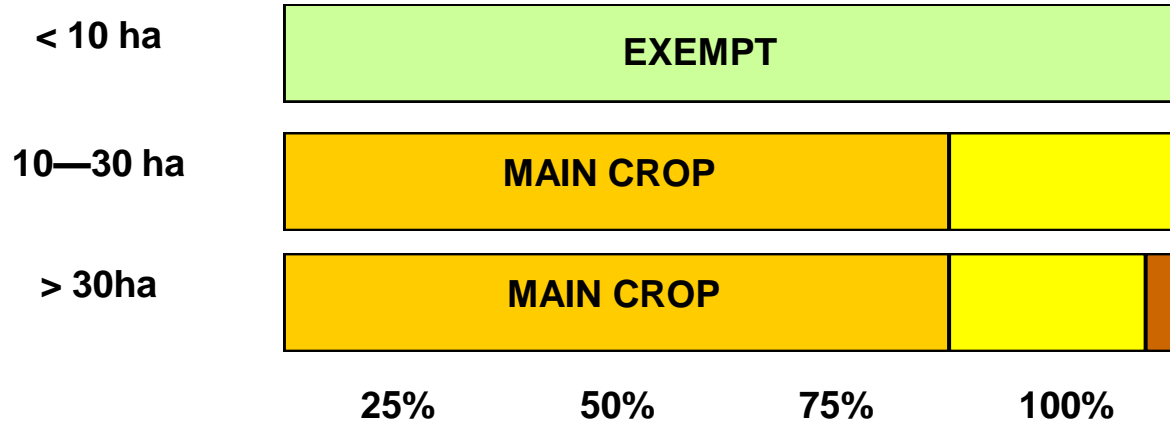
- As for current scheme
- Minimum claim size 5ha

# GREENING

- “Payment for agricultural practices beneficial for the climate and the environment”
- 30% of payment
- Compulsory (but no penalties until 2017)
- 3 EU Options
  - Crop diversification
  - Protection of Permanent Pasture
  - Ecological Focus Areas
- National Certification Scheme
- Organic exempt



# CROP DIVERSIFICATION



- Arable land
- Crops - Wheat, Barley, Oats, OSR, Potatoes, Sugar Beet, Temporary Grass, Fallow etc. (NB: Winter and spring crops of the same species do count as different crops)
- Not permanent pasture or permanent crops
- Return to individual crop coding on SPS forms
- Land swaps – caution!
- Exemptions
- Autumn 2014 sowing

# PERMANENT GRASSLAND

- “land that is used to grow grasses or other herbaceous forage...that has not been included in the crop rotation of the holding for **five years** or more...”
- Similar rules in terms of ploughing – ban only on ‘environmentally sensitive’ grassland
- Area must not drop < 95% at national level
- If this deviates by > 5% they may impose farm level restrictions
- Similar to current SPS system



# ECOLOGICAL FOCUS AREAS

- > 15 ha arable land = 5% of area in EFA
- 1 January 2015
- Possibly buffer strips, fallow land, landscape features, protein fixing crops (peas, beans, legumes), agro-forestry, short rotation coppice
- Collective schemes
- Weighting matrix
- Mapping on RLR – May 2018
- Exemptions

# GREENING & AGRICULTURE ENVIRONMENT

- Agri-environment schemes
- No double funding
- Interaction with current agreements
- Amendments to agreements
- Withdrawal from agreement without penalty

# CROSS COMPLIANCE

- No substantial changes expected
- Simplification
- Opportunity to improve methodology and guidance
- Some changes to SMR's & GAEC
- Increased penalties
- Greening rules likely to be included in guidance
- Soil Protection Review – new arrangements

# DEGRESSIVITY & REDISTRIBUTION

- Compulsory degressivity - 5% above €150,000
- Salary Mitigation
- Greening element exempt
- Business re-structuring
- Redistribution – top up on first 54 ha

# YOUNG FARMERS SCHEME

- Top up worth 25% of value of entitlements
- Capped to between 25 and 90 entitlements
- Farmers < 40 years old in 2015
- Business set up between 2010 – 2015
- Farmers in their own right
- Skills and training
- 5 year top-up
- Worth c. £4,000 per annum





# CONSIDERATIONS

- Transitional period
- Buying and selling land
- Sales, leases or transfers of entitlements
- Tenancy agreements
- Budgeting & drop in payments
- Business re-structuring
- Planning crop rotations
- RLR mapping
- Greening & environmental schemes
- IT & Broadband

# CONCLUSION

- Similar scheme in lots of ways
- Reduction in payments
- More for less
- Be Proactive
- Keep an eye on the press
- We are here to help
- Embrace a new era!



**QUESTIONS?**

