

The devil is in the detail

Those who have found the time this summer to take a look at the new BPS 'Greening Rules' may have come to the conclusion that they can use their existing ELS arable management options as a get out of jail free card. Many will find that their ELS six metre buffer strips, areas of field corner management, pollen and nectar mix plots etc deliver their 5% Ecological Focus Area as fallow and in doing so also provide a 'crop' for the purposes of meeting the Crop Diversity rules.

However, as ever the devil is in the detail. ELS and OELS agreements that started on or after January 2012 included a clause allowing DEFRA to amend these agreements in order to avoid any conflicts that the latest round of CAP reform created. As expected a conflict was created, the possibility of "double funding". DEFRA cannot be seen to be paying farmers twice for providing the same thing put simply ELS arable management options and Ecological Focus Areas. Post 2012 agreements started too late to receive the full protection of Jim Paice's pledge to protect farmers in environmental schemes and thus their payments for these types of management options will be reduced. Pre 2012 ELS agreement holders along with ALL HLS agreement holders on the other hand do get to get out of jail for free and feel very smug about it too. Unaffected ELS payments and the ability to use their management options as EFA the very definition of double funding!



DEFRA's simple fix to avoid the risk of 'double funding' post January 2012 agreements means whether or not ELS arable options are used as Ecological Focus Area the payments for these options will be reduced across the board in every post 2012 agreement. Natural England is due to write to agreement holders who will be affected in the coming weeks to inform them of the impact on their payments. Any reduction will take effect from 1 January 2015.

The reduction to the payment value of individual management options is yet to be formally announced. Based on what we have seen to date, a

400ha mixed farm with a post 2012 ELS agreement worth £12,000pa that has scored 75% of its ELS points using arable options could expect to see its payment reduced to £5,000pa. Those whose ELS agreements include solely arable options are likely to find that their payments are reduced with even greater severity. Not an attractive prospect and not what those of you who will be affected signed up for so what can you do about it?

1. Ditch your agreement without incurring a penalty
2. Add further management options or areas of management options to your agreement to return your payment to its original level
3. Continue with your agreement and collect the reduced payment

Whichever you choose you will need to have made your choice and notify Natural England by 15 November 2014. Many farmers reflex action will be option one. I would suggest though that the sensible option would be firstly to assess whether you missed any obvious ELS point scoring opportunities when you submitted your ELS application. The answer will probably be no but you may find that a fresh set of eyes could see things in a different light. If not then you are left with two options but before you take the obvious one has anyone calculated the greening requirements for your farm? How is your farm going to meet the Crop Diversity and Ecological Focus Area rules? Remember the ELS

options that are now attracting a reduced payment are doing so for a reason.

On our 400ha farm we are unlikely to find any more ELS points without taking further land out of cropping so option two is a no go, current wheat prices notwithstanding. Retaining the agreement will result in a payment equivalent to £12.50 per hectare rather than £30. Cue conversation with the contract farmer and owner, both are keen to be rid of the untidy corners, crop back up to the edge of the fields again and ditch the agreement. But in order to meet the Greening rules and not reduce the BPS payment from circa £200/ha to circa £140/ha 5% of the arable area needs to be EFA. The farm's ELS arable options deliver this area. Retaining the ELS agreement satisfies the farm's EFA requirement and maintains an ELS income albeit a reduced one but better than no payment at all.



► by **KEVIN JAY**
CLM
01892 770339



- Basic Payment Scheme
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Call us on **01892 770339** or email info@c-l-m.co.uk
www.c-l-m.co.uk