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CAP Reform Defra details announced!

Key points looking forward to 2015

- The Basic Payment Scheme (BPS) will replace SPS
- The minimum BPS claim size will be 5 hectares
- 30% of the BPS payment relates to Greening (see notes on Greening)
- All BPS claims will have to be submitted online there will be no paper claim forms in 2015
- New Environmental Land Management Scheme (NELMS), with the first agreements starting on the 1st January 2016 – these agreements will be limited to one annual start date and will run for five years

CLM expect BPS payments to be in the region of £200 per hectare

Establishing BPS Entitlements

All SPS entitlements held on the 31st December 2014 will be converted to BPS entitlements on the 1st January 2015. There are four ways in which farmers can establish BPS entitlements in 2015:

1. Be in possession of SPS entitlements on the 31st December 2014 and match these against eligible land on a 2015 BPS claim.
2. Purchase BPS entitlements in 2015 before the transfer deadline (yet to be announced)
3. Apply as a new entrant to the national reserve
4. Apply as a new entrant young farmer to the national reserve

We advise strongly against this route



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Young Farmer Top Up

This scheme will provide a top up of approximately 25% on the first 90ha of a BPS claim for the first five years of trading. In order to be eligible a claimant must be under 40, have the controlling interest in the farming business and have been trading for less than five years.



Greening

Under the BPS, claimants will need to comply with three “greening measures”; 30% of the total BPS payment relates to complying with these measures. However it is important to note, that by not complying with the measures, claimants will risk more than this 30% from 2017 onwards. The three greening measures:

- Permanent grassland
- Crop Diversity
- Ecological Focus Areas

Finally Defra have made an announcement on Ecological Focus Areas!

Permanent grassland

- Maintenance of permanent grassland at a national level, this is not dissimilar to the current situation under SPS

Permanent grassland is unlikely to cause an issue on a farm level



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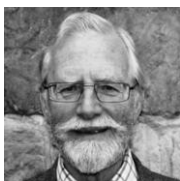
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Crop Diversity

- Those farms with between 10 and 30ha of arable land will need to cultivate at least two crops and the majority crop must constitute no more than 75% of the arable area.
- Those farms with more than 30ha of arable land will need to cultivate at least three crops, the majority crop must constitute no more than 75% of the arable area and the two majority crops must constitute no more than 95% of the arable area.

Contractor/FBT/In hand you need to think about how your arable land is farmed

Arable land includes temporary grass, multi annual crops and fallow land, it does not include permanent crops.

Hedges may be the easy answer but will more than likely cause a significant delay to your BPS payment!

Ecological Focus Areas

- Farms with more than 15ha of arable land will have to nominate 5% of their arable as Ecological Focus Areas

Features	Conversion factor	Weighting factor	Ecological focus area
Buffer strips 1m	6	1.5	9m ²
Hedges 1m	5	2	10m ²
Catch crops/green cover 1m ²	n/a	0.3	0.3m ²
Nitrogen fixing crops 1m ²	n/a	0.7	0.7m ²
Land lying fallow 1m ²	n/a	1	1m ²

- The table shows those features that can be used to contribute towards EFAs and the contribution that each will make based on the conversion and weighting factors that Defra will apply to these features.

New Environmental Land Management Scheme

- The scheme will be competitive, with all applications being made online
- The details are still rather murky essentially the scheme will focus on delivering the targets of the current Environmental Stewardship and Forestry Commission schemes with Biodiversity and Water Framework Directive targets as top priorities.
- The scheme will be aimed at priority areas and sites. A decrease in agri environment scheme coverage from 70% to 35/40% of England is expected.
- A small scale capital only grants scheme will also be available.

Issues that you may need to consider now!

- Consider buying and/or selling entitlements during summer 2014 in order to align entitlements held to eligible area – deadline of 19th October
- Autumn 2014 drilling needs to take into account the Basic Payment Scheme greening requirements; specifically Crop Diversity and Ecological Focus Areas
- The way in which grass fields are recorded in 2015 will influence the number of crops and area of EFA individual farms will need to deliver.
- Do you have an ELS agreement that started after the 1st January 2012 if so your payment may be affected by the greening regulations
- Entry to all agri environment schemes from 2015 onwards will be competitive
- Farms with agri environment agreement schemes expiring in 2014, 2015 or 2016 will need to consider making an application to a new scheme in 2015 to avoid waiting until 2017 for a new agreement.