

BPS – is that the best they could do?

Despite share price controversy the recent sale of the Post Office achieved the desired outcome. You can be sure that government officials patted each other on the back for a job well done. First Class! However, just along the corridor the team responsible for the introduction of the Basic Payment Scheme may not be feeling quite so comfortable.

Three years ago journalistic terrorists sent shockwaves throughout the farming industry when they reported the Brussels produced CAP reform proposals. Dramatic cuts to subsidy levels, an end to sofa farming, the capping of payments made to large, efficient businesses and onerous environmental measures all made chilling headlines. Many feared disruption to a regime the industry has learned to love, and exploit, since its bumpy introduction in 2005.

It is true that we are still waiting on much of the detail but, with a sigh of relief, it looks like the task of getting 28 Member States to agree an aggressive, cost cutting package was just too difficult. Even the measures interpreted and introduced at member state level appear to have been diluted. After some clumsy new land management requirements have been adopted not that much will change and even the income is unlikely to fall by more than 10%. So, does this mean there is nothing to worry about? Absolutely not.

For a start crop diversification is likely to cause some difficulties. For those growing more than 30 hectares of arable there must be three eligible crops with the minority crop not being less than 5% of the arable area. This is likely to have the

greatest impact on small arable units with limited grain storage facilities or those already in contract farming situations where whole farms have been monocropped in rotation with other contracted units. Other victims include smaller dairy farmers growing only grass and maize. Solutions will depend on specific circumstances but might include the use of FBT's instead of contracting arrangements or changes to cropping. Shoot cover is likely to qualify as an arable crop so the simplest solution for some may be to ensure these amount to at least 5% of the arable area. Livestock farmers with more than 75% grass can avoid greening measures altogether if their arable area is less than 30 hectares so less maize and more grass may be simpler than introducing Ecological Focus Areas (EFA) and a third crop.

EFA's equivalent to 5% of the arable area will be required by those growing more than 15 hectares of arable cropping and not qualifying for an exemption because they are organic or because they have at least 75% grass and less than 30 hectares of arable. For farms not already in stewardship agreements this will be a straight forward annual calculation. But for those with existing agreements this becomes potentially much more complicated. For example, will it be possible to use land already managed under stewardship to also meet the EFA need? And if yes is there then an unacceptable double funding effect which will require a finan-

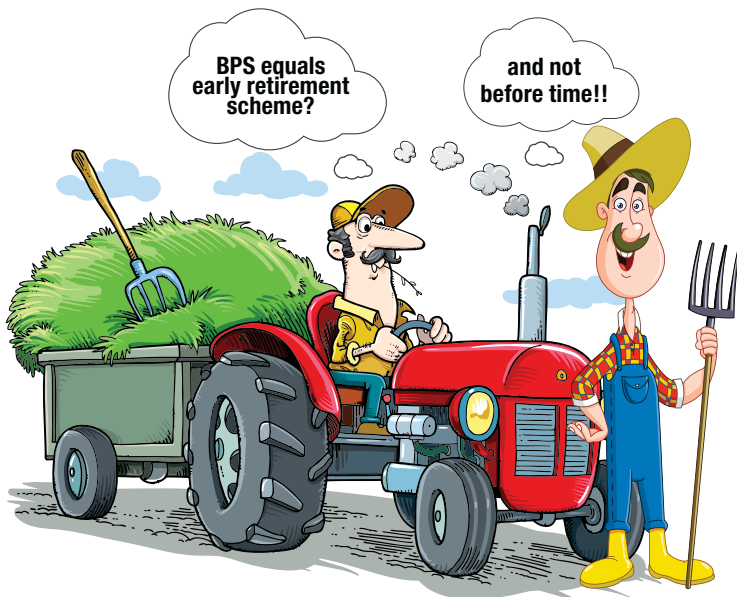


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cial adjustment to the BPS or the stewardship agreement or even both? And for those with post 2011 stewardship schemes there could be an opportunity to abandon the agreement if the financial impact of EFA's is disastrous.

There are important decisions to be made regarding next year's cropping and the detailed guidance cannot come soon enough. Without wishing to state the obvious time is running out!

On a much more positive note the men from Whitehall are backing young farmers. A top-up payment lasting five years and worth 25% of the BPS on a maximum of 90 entitlements may be paid to businesses where the controlling or jointly controlling partner is 40 years old or less at the start of the BPS. Based on a BPS of £190/hectare this could be worth an extra £21,000 over five years. The devil will be in the detail but this additional cash may be enough to persuade a few ageing farmers to move over. Who said age discrimination is dead!



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