



Department
for Environment
Food & Rural Affairs



CAP Reform
Countdown

An introduction to the new Common Agricultural Policy schemes in England



April 2014

Please read this important information

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Basic Payment Scheme – page 2

The Basic Payment Scheme (BPS) will replace the Single Payment Scheme (SPS). There will be new greening rules, and a young farmers payment. If you claim SPS now you will need to know what's changing.

What's happening and when? – page 6

Throughout the rest of this year we'll be working hard to get ready for the new schemes. This timeline shows you what we're doing and when – including when more information will be available.

Rural Development Programme – page 8

There will be a new Rural Development Programme which will help protect the environment and promote economic growth in rural areas. We've included information about the new Rural Development Programme and the schemes that will be available.

Cross Compliance – page 10

If you receive money under the new Common Agricultural Policy (CAP) land-based schemes, you will need to meet cross compliance rules. These will be similar to the rules under the current schemes – but there will be some differences.

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From the summer, we'll be introducing the first stage of a new online service for all the new schemes. We've included information on what you will need to access the new service.

If you want to know more about CAP, you will find information at the end of this leaflet.

In this leaflet, you'll see the following icons which will help you understand what's been decided, what hasn't been agreed yet and important information you need to know.

When you see this icon:



It means that this information:

has been decided and will be part of the Basic Payment Scheme or Rural Development Programme



hasn't yet been agreed – we'll give you more information about it later this year



is important information that you need to know



CAP Reform Countdown

Since 2011, the European Union has been negotiating a new Common Agricultural Policy (CAP), which will start in 2015. This leaflet gives you an overview of what it will mean for you.

Although most parts of the new policy will be the same across the whole of the EU, there are some decisions which we can make ourselves at a UK or English level. To help us make sure we do what's best for English farmers, rural communities and taxpayers, we've consulted on these decisions.

As we develop the new schemes in England, we're determined to do things better than when the current CAP schemes started in 2005. We're particularly focused on making it as simple as possible to apply for the new schemes. To do that, we're building a new online service.

The new schemes

Although there'll be less money overall under the new CAP schemes, they will still benefit the rural economy in England by over £15 billion.

Most of this funding will be paid through the new Basic Payment Scheme (BPS) – including the greening payment and the young farmer payment – which will replace the Single Payment Scheme (SPS).

There will also be a new Rural Development Programme, which will invest at least £3.5 billion into environment and rural development schemes over the next 7 years.

The Programme will support:

- the environment
- the farming and forestry sectors
- businesses and communities in rural areas

Even with a smaller overall CAP budget, the government will be spending a bigger share on the environment than before.

We'll make sure you get the information you need

There's still a lot of detail that hasn't been decided about the new schemes, so we'll keep you updated throughout 2014.

In this leaflet, we're starting off with an overview of the new schemes. If you're interested in reading more about CAP reform and the discussions that are taking place – including the Defra consultations – go to www.gov.uk/cap-reform.



Find out about the Basic Payment Scheme, the greening rules and the new payment for young farmers.

Every year since 2005, over 100,000 farmers across England have received a payment under the Single Payment Scheme (SPS). As part of the new Common Agricultural Policy (CAP), SPS will be replaced with a new scheme called the Basic Payment Scheme (BPS). It will start in 2015.

If you claimed SPS there will be lots about BPS you will find familiar, but some things are new. For example, your total payment will be made up of a BPS payment and a greening payment. For young farmers there will also be a new top-up payment.



To apply for BPS, you will need to:

- be an 'active farmer'
- have at least 5 hectares of 'eligible' land, and
- have at least 5 BPS entitlements

The active farmer test

The active farmer test will have two parts. The first part is about your business activity. You might not be classed as an active farmer if your business operates any:

- railway services
- airports
- waterworks
- real estate services
- permanent sport and recreational grounds



Even if your business operates one of these activities, you will still be classed as an active farmer if you meet certain rules. We'll tell you more about these later in the year.

The second part is about land which is 'naturally kept in a state suitable for cultivation and grazing'. If more than half your land is of this type there will be rules about the 'agricultural activity' that you must do to be classed as an active farmer. We'll explain what this means in more detail, including what land is 'naturally kept', later in the year.

Eligible land

You will need to make sure that the land you claim a BPS payment for is eligible for the scheme – both when you apply and throughout the calendar year.



We don't yet have a full list of what land will be eligible and what won't – but it's likely to be similar to SPS.



Common land

Common land will be eligible for BPS, but we don't know all the details yet. We expect the rules to be similar to SPS – where commoners activated their entitlements against a 'notional area' of a common in proportion to the number of rights they hold to graze animals on the common.

Dual Use

We don't know if different people will be able to use the same land to claim payments under BPS and another scheme at the same time. We'll know more about this later in the year.



Cross-border farms

Some farmers have land in Scotland, Wales or Northern Ireland as well as in England.

We're talking to the other UK administrations at the moment to agree what cross-border farmers need to do to meet the rules of the new schemes.



BPS Entitlements

Like SPS before it, you will need entitlements to claim BPS. Once you have entitlements, to get a BPS payment you will need to make an application to 'activate' them against eligible land.

For your BPS application to be valid, you must have at least 5 entitlements and activate them. That means you will need at least 5 hectares of eligible land to activate them against.

Minimum claim size

If you don't have at least 5 hectares of eligible land and 5 entitlements, you won't be able to apply for BPS.



Entitlement values

There will be different types of entitlements, depending on what type of land they're associated with (these types are currently called 'regions'). This is similar to the way SPS works now – the current regions are moorland, SDA (Severely Disadvantaged Area) and non-SDA.

Each region will still have its own value, but these will change for BPS. Under BPS, the SDA and non-SDA entitlements we have now will be a similar value to each other.



Getting entitlements

If you already have SPS entitlements, they will become BPS entitlements on 1 January 2015 (but their values will change).

If you are an active farmer, but you don't have any SPS entitlements, you could get BPS entitlements by 'transferring' them from someone else. You might also be able to apply to get new BPS entitlements from a 'national reserve' we'll set up. If you already have some entitlements, you might still be able to apply to the national reserve.

We will tell you how you can apply for new BPS entitlements later in the year.



The Basic Payment Scheme

Using your BPS entitlements

The rules on when and how you need to activate your entitlements will change under BPS. Some of the key changes are:

- You will keep your entitlements in 2015 as long as you declare enough hectares of eligible land on your BPS 2015 application to support them. You don't have to activate all your entitlements in 2015 – but if you have more entitlements than eligible land, you will lose the excess entitlements.
- At least once in every two years, you must activate all your entitlements in a single year.
- You won't be able to 'rotate' your entitlements by swapping the entitlements you activate from year to year. That means if you've got more entitlements than land, you might lose them.

Transferring entitlements

You will be able to sell or lease your BPS entitlements to someone else, as long as they are an active farmer. You can do this from mid January 2015 – we'll let you know the exact date and how to do this later this year.

Under the BPS rules, from January 2015 you will be able to lease (as well as sell) entitlements on their own, without land.

Transferring SPS entitlements before BPS starts

On 1 January 2015, SPS entitlements will become BPS entitlements. If you want to transfer your SPS entitlements before that happens, you will need to fill in an 'RLE1 form' and send it to the Rural Payments Agency (RPA).

RPA must receive your RLE1 form by midnight on 19 October 2014. Your 'effective date of transfer' must be on or before 1 December 2014.

The [RLE1 form and guidance on the rules for transferring entitlements in 2014](http://www.rpa.defra.gov.uk/RLE1) are on the RPA website: www.rpa.defra.gov.uk/RLE1.

Any leased entitlements that are due to be returned to their owner after 19 October will still be returned. We'll also still be able to transfer any entitlements that are part of an inheritance after this date.

BPS payments for large holdings

If your BPS payment (excluding greening and any young farmer payment) is over €150,000 in a single year, we'll reduce any money you get above that amount by 5%.

Young farmer payment

This will give extra money to young farmers, on top of their BPS and greening payments.

To get this payment you must be 40 years of age or younger in the first calendar year you apply for a BPS payment. You will also need to be an active farmer and in control (or joint control) of your holding. You will have to apply for it each year.

You will be eligible to receive a young farmer payment for up to 5 years after the year you started or took over control of your business. The 5 years could have started before 2015.

The value of the top-up will usually be worth 25% of the average value of all the entitlements you hold. You can claim it on up to a maximum of 90 entitlements.

If more young farmers apply in one year than the budget can support, the percentage each person gets could be less than 25%. By lowering the percentage all the eligible young farmers will still get a payment.

We'll publish more information – like how and when to apply – later this year.



Greening

From 2015, there will be a new greening payment. This will be worth about 30% of your total payment. To get this payment, you will need to meet the greening rules.

There's still a lot we don't know about the greening rules, but we'll explain them in more detail this summer.

'Greening' is a new term for agricultural practices that help the climate and the environment.



There will be 3 greening rules:

- 1. Crop diversification:** This will apply to farmers with more than 10 hectares of arable land. You can find out more about crop diversification and the exemptions from this rule in '[CAP Reform in England: what you need to know now](#)', which is on the RPA website: www.rpa.defra.gov.uk/sps2014.
- 2. Permanent grassland:** The percentage of permanent grassland – compared to the agricultural area – in England must not fall by more than 5%. We'll let you know more about permanent grassland this summer.
- 3. Ecological Focus Areas:** Farmers with more than 15 hectares of arable land must have 'Ecological Focus Areas (EFAs)'. These areas must be equivalent to at least 5% of their total arable land.



You might already have areas or features entered into an existing agri-environment scheme (such as Environmental Stewardship schemes). We're working out whether you will be able to use these areas as part of your EFAs and receive payments under an existing agri-environment scheme.

If you have land which is certified as organic, it will qualify for the greening payment automatically. There are exemptions from some of the greening rules – for more information read '[CAP Reform in England: what you need to know now](#)', you will find it on the RPA website: www.rpa.defra.gov.uk/sps2014.

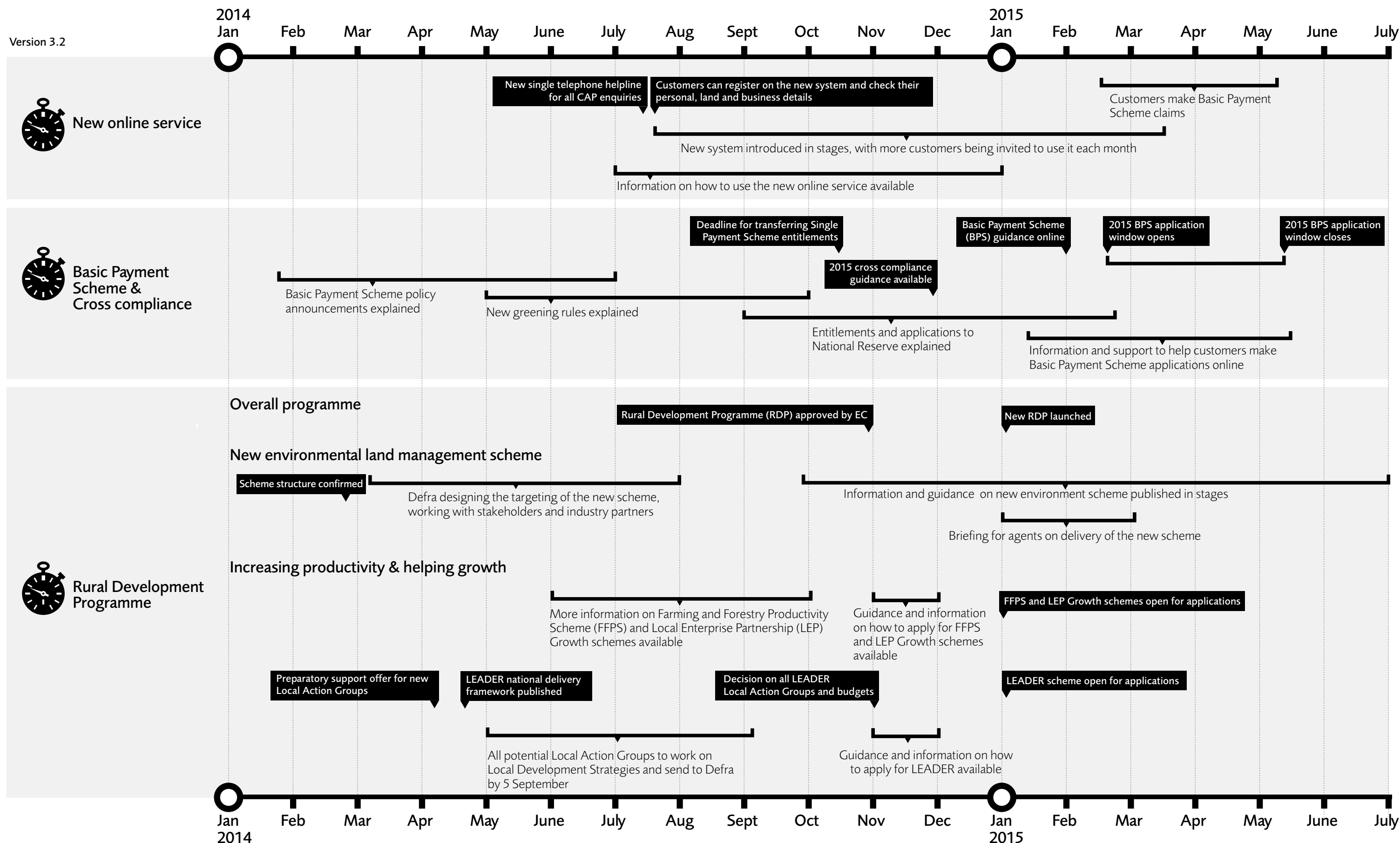


Cross Compliance

Just like SPS, under BPS you will need to meet cross compliance rules. Find out more on page 10.



Version 3.2





Find out what could be available to you to help improve the environment, support your business or promote growth in your local economy.

The new Rural Development Programme will begin on 1 January 2015. If you've been involved with the current programme, you will find there are some similarities with the new programme, but also some differences.



There will be 3 main areas of support:

- managing the environment
- increasing farming and forestry productivity
- growing the rural economy

Managing the environment

We'll be spending £3.1 billion to improve the rural environment. New funding will be available to support biodiversity, and other areas such as water quality, landscape, the historic environment and access to the countryside.

There will be a new environmental land management scheme, which will be easier to apply for than the current schemes. It will combine the best parts of the existing Environmental Stewardship and English Woodland Grant schemes.

If you're a farmer, forester or other land manager, you will be able to apply for funding to restore, conserve and enhance our natural environment.

The new scheme will offer:

- site specific agreements similar to the current Higher Level Stewardship (HLS) scheme
- area specific agreements aimed at targeted improvements in the wider countryside
- multi-annual agreements, normally for 5 years – but these could be longer if benefits take longer to achieve
- a choice of management options, capital items and advisory support (depending on the agreement type)
- annual small-scale grants for certain activities – such as hedgerow laying, coppicing and gapping up, or stone wall restoration

More details about the new scheme will be available later this year. In 2015 you will be able to apply for an agreement which will start on 1 January 2016. However, payments for some woodland capital items will be available during 2015.



We're still looking at how the Catchment Sensitive Farming (CSF) scheme will fit into the new Programme. We expect the scheme to still give you access to advice and capital grants to reduce 'diffuse pollution' and improve water quality.



Increasing productivity

We'll have around £140 million to support farming and forestry businesses. You will need to bid for a share of this funding to:

- help you innovate, use new technology and use the latest research in your business
- improve your skills and training
- co-operate and collaborate with other farmers, foresters and others in the land-based sectors
- support projects that benefit the environment in a number of ways. For example, to help you tackle environmental problems as well as improve the amount or quality of your agricultural produce

More information about this scheme will be available on GOV.UK later this year.

Growing the rural economy

You might be able to get funding to start or grow your business through a range of different funding opportunities. You can find out about these opportunities through your Local Enterprise Partnership and LEADER Local Action Groups.

Local Enterprise Partnerships will have £177 million to spend on rural priorities. You might be able to access funding but the partnerships will decide how much money they will spend in their area to:

- develop business knowledge and skills
- support small businesses or micro-businesses
- invest in broadband and renewable energy
- promote rural tourism

More information about Local Enterprise Partnerships' plans will be available on GOV.UK in the summer.

Through the LEADER approach, Local Action Groups will have around £138 million available to spend in rural areas on the rural economy and on creating jobs. Funding will be available to farmers, foresters, other local businesses and rural communities.

Visit the RDPE network website, www.rdpenetwork.defra.gov.uk, to find out more.



Cross compliance rules have been in place since 2005 and will continue under the new Common Agricultural Policy.

Cross compliance rules are a minimum set of requirements to help protect the environment, improve food safety and animal welfare.

You will have to meet the cross compliance rules if you claim BPS or have a Rural Development Programme land-based agreement.



There will be some changes and renumbering of the current rules, but they will be broadly similar.

Just like now there will be 2 parts to the cross compliance rules:

- **Standards of Good Agricultural and Environmental Condition (GAEC)**
These are rules to keep land in good agricultural and environmental condition, and protect soils, water and landscape features.
- **Statutory Management Requirements (SMR)**
These are rules to maintain the environment, animal health and welfare, and plant health.

You can read the current cross compliance guide on the RPA website:

www.rpa.defra.gov.uk/crosscompliance. The current rules still apply up to the end of 2014. There will be new guidance for 2015.



CAP Reform Countdown

New online service

More and more businesses and government services are online. So we're building a brand new online service for all the new CAP schemes.

We know that land managers, farmers, agents and other customers want one system that's quick, simple and easy to use. So we're inviting groups of them to test the new service we're building and tell us how we can keep improving it.

We're building the new online service in stages. From this summer onwards, we'll contact a small number of farmers to test it. They will see how their personal and business details will appear (and how they can change them), and how to allow someone else to act for them. They will also see interactive maps of their land on-screen and be able to map features to help them get ready for 2015.

We'll slowly increase the number of people we give access to until it's ready for everyone to use. Early next year we'll start to add more parts to the new service so you can apply for the Basic Payment Scheme. We'll then make more updates to the service so you can apply for the other schemes later in the year.

What you will need to use the new online service

To use the new online service, you will need an email address and access to a computer or tablet with:

- an up-to-date operating system – such as Windows (preferably Windows 7, 8 or 8.1), Apple OSX/iOS, Linux or Android
- a modern web-browser – such as Microsoft Internet Explorer (IE8 or above), or the latest versions of Google Chrome, Firefox, Opera or Safari
- a broadband internet connection with a download speed of 1Mbps or more – if you've got a slower connection, the service won't work as well. There are lots of websites which can tell you what your internet connection speed is.
- a screen with a resolution of 1024 by 768 pixels or more

Older versions of operating systems may still work if you have a modern web browser, an internet connection and the screen resolution shown above.



Getting access to the new service

We know that not everyone can get onto the internet, so we're working hard to work out what we can do for those people who can't.

We'll tell you more about this later in the year.



Basic Payment Scheme

- In 2015 the Basic Payment Scheme will replace the Single Payment Scheme
- Only active farmers can apply
- Minimum claim size will be 5 hectares
- SPS entitlements will become BPS entitlements
- Young farmers can apply for a top-up payment
- Payments above €150,000 will be reduced
- There will be a new greening payment, worth about 30% of your total payment
- You will need to meet cross compliance rules

Rural Development Programme

- Apply for the new environmental land management scheme from summer 2015. The first agreements start on 1 January 2016. Payments for some woodland capital items will be available during 2015.
- Apply for support under the productivity and growth schemes from January 2015
- If you have a land-based agreement, you will need to meet cross compliance rules

Cross Compliance

- Cross compliance rules will continue
- There will be some changes and renumbering of the current rules, but they will be broadly similar.
- There will be new guidance for 2015

New online service

- All the new CAP schemes will use the same online service
- We're building it in stages
- We'll work with land managers, farmers, agents and other customers to make sure it does what they want it to do
- More information on help to use the new service if you haven't got internet access will be available later in the year



The latest information on the new CAP schemes is on GOV.UK:

www.gov.uk/cap-reform. You will also find the latest version of the timeline that's on pages 6 and 7 of this leaflet. All the consultations we've published can also be found on GOV.UK at the same address.

The Basic Payment Scheme

A guide on what you need to know now about BPS if you already claim SPS ('[CAP Reform in England: what you need to know now](#)') is on the Rural Payments Agency (RPA) website: www.rpa.defra.gov.uk/sps2014.

Content on the the RPA website will be moving to GOV.UK over the spring and summer. You will still be able to find all the information you need there.

Rural Development Programme

Information on the new Rural Development Programme is on GOV.UK: www.gov.uk/cap-reform.

More information is on the RDPE network website, at www.rdpenetwork.defra.gov.uk. This site also shows examples of projects from the current programme.

Cross compliance

We've published a consultation document on the new cross compliance rules, which you will find on GOV.UK. The current guidance, '[The Guide to Cross Compliance in England 2014 complete edition](#)', is on the RPA website: www.rpa.defra.gov.uk/crosscompliance.

The Farming Advice Service offers advice on cross compliance, for more information call 0345 345 1302.

Legal Notice

This leaflet is our interpretation of the current regulations and draft regulations for the Common Agricultural Policy Schemes from 2015. Only the courts can give a definitive interpretation of the law.

We reserve the right to review our position if circumstances change, for example, when the European Commission publishes their final regulations, if they issue new guidance or we change how we interpret the regulations.

You may want to get independent professional or legal advice before you change anything about your business. We cannot advise you or your legal representatives on your business structure.

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