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Basic Payment Scheme 2015

Guidance for farmers with land in more than one part
of the UK
(England, Northern Ireland, Scotland and Wales)

Please read this important information



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Introduction

On 1 January 2015, the Single Payment Scheme (SPS)/ Single Farm Payment (SFP) was replaced by the Basic Payment Scheme (BPS). Farmers will receive one payment for the land they claim in the whole of the UK under the BPS (including the greening payment and any top-up payment for young farmers).

Farmers with a 'cross-border' holding (land in two or more parts of the UK: England, Northern Ireland, Scotland and Wales) need to submit a BPS application to each part of the UK where they have land.

What is a 'holding'?

A holding is all of the land a farmer manages and uses for agricultural activities in the UK (England, Northern Ireland, Scotland and Wales). It can include more than one County Parish Holding (CPH) number and land farmed at more than one location. Farmers with land in two or more parts of the UK will need to submit a BPS application to each paying agency where they have land.

There are different rules for BPS in England, Northern Ireland, Scotland and Wales.

This leaflet gives more information for farmers with a cross-border holding about how to:

- apply for a BPS payment;
- meet the BPS scheme rules on their holding – including the active farmer and greening rules;
- meet cross compliance rules;
- apply for entitlements; and
- apply for the young farmer payment

Who manages the schemes in different parts of the UK?

These 'paying agencies' manage the schemes and make payments:

- England – Rural Payments Agency (RPA)
- Northern Ireland – Department of Agriculture and Rural Development (DARD)
- Scotland – Rural Payments and Inspections Division (RPID)
- Wales – Rural Payments Wales (RPW)

Where to find scheme rules and guidance

Page 15 explains where to find the 2015 scheme rules and guidance for England, Northern Ireland, Scotland and Wales.

How to apply

Farmers with a cross-border holding need to submit a BPS application in all the parts of the UK where they have land. They need to do this even if they are not claiming BPS in all those parts of the UK.

Example

A farmer with land in England and Wales needs to submit an application to both:

- the RPA for the land in England, and
- RPW for the land in Wales

This farmer will still need to submit an application in both England and Wales even if they are not claiming BPS in one of those parts of the UK.

In future, all applications will need to be made online. However, in 2015, most farmers with land in Northern Ireland, Scotland or Wales will be sent a paper application form but will also have the choice of applying online. Read the guidance for the relevant part of the UK to find out which farmers will be sent paper application forms. Farmers in England will need to register online and then complete a paper application.

In 2015 farmers can apply for BPS:	
England	Register online and apply using a paper application
Northern Ireland	Online or paper
Scotland	Online or paper
Wales	Online or paper

Farmers need to declare on their BPS application whether they have land in more than one part of the UK. They need to do this for each application they submit (one to each paying agency where they have land).

Farmers will be paid by the paying agency in the part of the UK where most of the land on their holding is located.

However, if a farmer's most recent SPS/SFP payment was made by a different paying agency, they can choose for their 2015 BPS payment to be made by that paying agency, even though most of their land is not in that part of the UK.

If farmers wish to nominate a different paying agency (as described in the previous paragraph), they need to tell the paying agency that paid their most recent SPS/SFP payment by 9 June. In England and Wales, farmers indicate this on their BPS application form. In Northern Ireland, this is done by telephoning 0300 200 7848 and in Scotland it is done by telephoning 0300 244 9564 or by e-mailing Direct_Payments@Scotland.gsi.gov.uk.

The choice of paying agency won't make any difference to the farmer's payment or the rules the farmer needs to meet.

How to apply

When to apply

To avoid a penalty, farmers must send all BPS applications and supporting documents to the relevant paying agencies by the BPS application deadline set by the paying agency which is paying them. More details about penalties can be found on page 15. Read the guidance for each part of the UK for information about application deadlines – see page 16.

Meeting the BPS rules

For some scheme rules (such as rules on land eligibility – read page 9), farmers need to meet the rules set by the part of the UK where the relevant land is located.

For other rules (such as rules on the minimum claim size – read page 7), farmers need to meet the rules set by the part of the UK where most of the land on their holding is located. This applies even if the farmer has chosen to be paid by a paying agency for a different part of the UK.

The rest of this leaflet provides detail on which rules apply.

Active farmers

To claim BPS a farmer must be an 'active farmer'. There are two parts to the active farmer test – the first is about business activity and the second part is about 'land naturally kept in a state suitable for grazing or cultivation'. This second part does not apply to land in England or Northern Ireland.

In 2015 the test about business activity does not apply to farmers who had a 2014 SPS/ SFP (and Scottish Beef Scheme) claim worth €5,000 or less for the entire holding, before any penalties were applied or cross compliance reductions were made.

In Northern Ireland, the term 'active farmer' is also used when land is rented out under short term lets or conacre. This is not the same as the BPS active farmer rules referred to in this leaflet.

Read the guidance for each part of the UK for more information on the active farmer rule – see page 16.

Business activity

Businesses operating certain non-agricultural activities (sometimes called the 'negative list') won't be able to apply for BPS, unless they can prove they meet one of the 'readmission criteria'. Applicants will need to meet the rules set in the part of the UK where most of their land is, and will need to show they meet these rules through the paying agency for that part of the UK. Some readmission criteria are based on the amount of eligible land a farmer has. This is all the land on a farmer's holding (covering all land in the UK).

If a farmer doesn't meet the active farmer rules, they won't be able to claim on any of their land, apply for entitlements or receive transferred entitlements, anywhere in the UK.

Meeting the BPS rules

Example

A farmer with most of his land in Scotland but some land in England:

- must read the 'negative list' of business activities listed in the BPS guidance for Scotland; and
- if they are operating one of these business activities anywhere in the UK, they must meet the readmission criteria that apply in Scotland.

They must send any evidence to show they meet the readmission criteria to the paying agency in Scotland. That evidence must relate to the farmer's whole holding. For example, evidence using agricultural receipts must cover the farmer's agricultural receipts across the UK.

Naturally kept land

There is no designated 'naturally kept land' in England or Northern Ireland. In Scotland, 'naturally kept land' is considered to be all land located in Payment Regions 2 and 3 (read Scotland's BPS guidance for details of those regions) In Wales, salt marshes and coastal sand dunes are considered to be 'naturally kept land'.

Farmers with 'naturally kept' land in Scotland or Wales won't be able to apply for BPS for land anywhere in the UK if:

- their naturally kept land is more than 50% of the agricultural land on their holding (including any agricultural land in other parts of the UK); and
- on their naturally kept land they don't carry out the minimum activity set out in the scheme guidance for Scotland (for naturally kept land in Scotland) or Wales (for naturally kept land in Wales)

BPS entitlements

Each part of the UK has different BPS entitlements. To claim BPS, farmers must have the right number and type of entitlements for their land.

Example

A farmer has 20 hectares of eligible land in the Scottish BPS Payment Region 1 and 10 hectares of eligible land in the English moorland region.

To receive a BPS payment on all their eligible land, the farmer would need:

- 20 entitlements for Scottish BPS Payment Region 1, and
- 10 entitlements for the English moorland region.

In England, SPS entitlements automatically became BPS entitlements on 1 January 2015.

In Wales, Scotland and Northern Ireland, farmers have to apply for new BPS entitlements as part of their 2015 BPS application. Only farmers who successfully applied for SPS/SFP (or the Scottish Beef Scheme) anywhere in the UK in 2013 will get entitlements.

Meeting the BPS rules

However, there are some exceptions to this 2013 requirement - information about these can be found in the scheme guidance for Wales, Scotland and Northern Ireland. In addition, farmers may be able to apply for entitlements from a national reserve (see below).

Applying for BPS entitlements from a national reserve

England, Northern Ireland, Scotland and Wales each have a national reserve (sometimes referred to as a 'regional reserve'). Some farmers, such as new and young farmers, will be able to apply for BPS entitlements from these national reserves.

To obtain more entitlements, eligible farmers need to apply for them to all the paying agencies where they:

- have eligible land; and
- wish to be allocated more entitlements

Example

A farmer has eligible land in England, Wales and Scotland and wants to apply to the national reserve for entitlements in Wales and Scotland. They need to apply to the paying agencies for Wales and Scotland.

The same principle applies if eligible farmers with entitlements in Northern Ireland, Scotland or Wales wish to apply to the national reserve to have the value of these entitlements increased to the regional average entitlements value.

The farmer also needs to meet the rules for the national reserve set in the part of the UK in which they are applying.

For example, farmers applying to the national reserve in Northern Ireland need to have a level 2 qualification in agriculture (or a related subject containing at least one farm business management module) to be eligible for an allocation of entitlements from the national reserve in relation to any land in Northern Ireland.

Example

A young farmer:

- has 15 hectares of eligible land in the English moorland region, and they already hold 10 entitlements in this same region; and
- has 12 hectares of eligible land in Scottish Payment Region 1, but wouldn't be allocated any entitlements in this region because they didn't claim SPS/SFP (or the Scottish Beef Scheme) anywhere in the UK in 2013.

They could apply to the paying agency in England and the paying agency in Scotland for new entitlements from the national reserve. They would be allocated 5 additional English moorland entitlements and 12 entitlements for Scottish Payment Region 1.

Read the guidance for each part of the UK for more information – see page 16.

Meeting the BPS rules

When to apply for BPS entitlements

To avoid a penalty, paying agencies must have received entitlement applications and the relevant supporting evidence by the application deadline set by the paying agency which is paying them. Read the guidance for each part of the UK for information about application deadlines – see page 16.

Minimum claim size

Farmers must meet the minimum claim size set by the part of the UK where most of the land on their holding is located. The minimum claim sizes are shown below. If farmers don't meet the relevant minimum claim size, they can't claim for land anywhere in the UK.

Minimum claim size	
England	5 hectares
Northern Ireland	3 hectares
Scotland	3 hectares (or \pounds 100 for farmers claiming voluntary coupled support)
Wales	5 hectares

Example – meeting the minimum claim size in Scotland

Most of the land on a farmer's holding is in Scotland. This means that the minimum claim size they need to meet is 3 hectares. The farmer must claim for at least 3 eligible hectares (with 3 entitlements) in total across the UK.

If the farmer doesn't claim for at least 3 eligible hectares, they can't claim for BPS anywhere in the UK.

Some farmers may find themselves on the threshold of the minimum claim size. The examples on the next page show how to work out if a farmer is meeting the minimum claim size.

Meeting the BPS rules

Example 1

A farmer has a 5 hectare holding. They claim for 5 hectares of eligible land: 3 hectares in England and 2 hectares in Wales (with the right entitlements to support them)

Most of the land on this farmer's holding is in England, so they must meet the minimum claim size under the BPS rules set by England (5 hectares). Their claim will be accepted as they have claimed on a total of 5 eligible hectares (with 5 entitlements).

Example 2

A farmer has a 3 hectare holding. They claim for 3 hectares of eligible land: 2 hectares in England and 1 hectare in Scotland (with the right entitlements to support them)

Most of the land on this farmer's holding is in England so they must meet the minimum claim size under the BPS rules for England (5 hectares). Their claim will not be accepted as they have claimed on a total of only 3 eligible hectares (with 3 entitlements). They will not be paid BPS anywhere in the UK.

Young farmer payment

If a farmer is 40 years old or younger in the year of their first BPS application, they may be eligible for a young farmer payment. Applicants will need to apply in each part of the UK where they want to receive this payment.

The young farmer payment is a top-up payment made on the number of eligible hectares (with entitlements) a farmer uses to claim BPS.

The young farmer payment works differently in different parts of the UK (see table below).

	Can get the 'young farmer' payment on:	Minimum age to apply:
England	Up to 90 hectares	18 years old
Northern Ireland	Up to 90 hectares	No minimum
Scotland	Up to 90 hectares	16 years old
Wales	Up to 25 hectares	16 years old for sole traders and partnerships, 18 years old for limited companies.

The payment is first made for whichever part of the UK the farmer claims most eligible land (with entitlements). This can't exceed the maximum set in that part of the UK (see table above.) If the farmer has claimed less than 90 eligible hectares (with entitlements) there, they could also receive the payment in other parts of the UK – as long as they do not exceed the maximum that applies in those other parts of the UK.

Meeting the BPS rules

A young farmer can't receive a payment on more than a total of 90 hectares (with entitlements) for their holding (land in all parts of the UK).

Example 1

A young farmer has claimed 80 eligible hectares (with entitlements) in England and 20 eligible hectares (with entitlements) in Scotland.

As most of their claimed land is in England, that is used first for the young farmer payment. They can receive the payment on all 80 hectares in England. As this is less than the overall maximum of 90 hectares, they can also receive the payment on 10 hectares in Scotland, not the full 20 hectares the farmer applied for. This gives a total of 90 hectares.

Example 2

A young farmer has claimed 80 eligible hectares (with entitlements) in Wales and 70 eligible hectares (with entitlements) in England.

As most of their claimed land is in Wales, that is used first for the young farmer payment. They can receive the payment on 25 hectares in Wales (the maximum set in Wales). As this is less than the overall maximum of 90 hectares, they can also receive the payment on 65 hectares in England. This gives a total of 90 hectares.

Example 3

A young farmer has claimed 50 eligible hectares (with entitlements) in England and 30 eligible hectares (with entitlements) in Wales.

As most of their claimed land is in England, that is used first for the young farmer payment. They can receive the payment on all 50 hectares in England. As this is less than the overall maximum of 90 hectares, they can also receive the payment on 25 hectares in Wales (the maximum set in Wales). This gives a total of 75 hectares.

Farmers applying for the young farmer payment in Northern Ireland need to have a level 2 qualification in agriculture (or a related subject containing at least one farm business management module) to be eligible for the payment on any land in Northern Ireland.

Read the guidance for each part of the UK for more information – see page 16.

BPS eligible land

The land used to claim BPS payments must meet the rules that apply in the part of the UK where the land is located. Read the guidance for each part of the UK for more information – see page 16.

The greening rules

Farmers need to meet the greening rules on crop diversification and ecological focus areas (EFAs) at a 'holding' level, not separately for land in each part of the UK. This means that they need to include all of the land on their holding (covering all land in the UK) when working out:

- what their crop diversification and EFA requirement is; and
- whether they meet those requirements

Farmers should also include all of their holding (covering all their land in the UK) when working out if they can use any of the greening exemptions. The greening exemptions are the same across the UK for crop diversification and EFAs.

Read the guidance for each part of the UK for more information – see page 16.

What this means for the crop diversification rules

The crop diversification rules prescribe how many crops a farmer must grow and over what percentage of their arable land.

A farmer should include all of the eligible land on their holding (covering all their land in the UK) to work out:

- their arable area;
- the percentage of their arable area taken up by each crop; and
- whether any of the crop diversification exemptions apply to them

A farmer doesn't have to have the required number, and shares, of crops in each part of the UK they have land – they only need to meet the crop diversification rules across their holding as a whole.

Example

A farmer has more than 30 hectares of arable land (which includes land in England and Wales). They would need 3 crops to meet the crop diversification rules. In this case, the main crop can't cover more than 75% of their arable land and the 2 main crops can't cover more than 95% of their arable land.

They plant as follows:

- main crop (65%) in England
- 2nd crop (25%) in England
- 3rd crop (10%) in Wales

They would meet the crop diversification rules for their holding (covering all their land in the UK).

Each part of the UK has lists of crops that qualify under crop diversification (read page 16 for more information). Farmers need to use the lists that apply where their land is located.

Meeting the BPS rules

What this means for Ecological Focus Areas

Farmers with more than 15 hectares of arable land also need to have EFAs that are the equivalent to at least 5% of their arable land, unless they qualify for an exemption. Read the guidance for each part of the UK for more information on the exemptions – see page 16.

A farmer should use all the eligible land on their holding (covering all their land in the UK) to work out:

- their arable land;
- their 5% EFA requirement; and
- whether any of the EFA exemptions apply

Farmers can use areas and/or features on any part of their holding (in any part of the UK) to meet the 5% EFA requirement. This means that a farmer doesn't have to meet the 5% in each part of the UK they have land – they only need to meet it across their holding as a whole.

A farmer must meet the EFA rules that apply in the part of the UK where the land or feature being used for EFA is located. There are differences in which areas and features a farmer can use for EFA in each part of the UK. There are also differences in what areas and features are worth as part of EFA.

The table below shows which features and areas can be used in each part of the UK.

Type of EFA	England	Northern Ireland	Scotland	Wales
Fallow land	✓	✓	✓	✓
Hedges	✓	✓		✓
Field margins			✓	
Ditches		✓		
Traditional stone walls		✓		✓
Earth banks		✓		
Archaeological features		✓		
Buffer strips	✓		✓	
Agro-forestry		✓		
Catch crops or green cover	✓		✓	
Short rotation coppice		✓		✓
Afforested areas		✓		✓
Nitrogen-fixing crops	✓	✓	✓	✓

Example

A farmer's holding includes land in England and Wales. They could use areas or features on their English land, their Welsh land or both to count towards their 5% EFA requirement.

The farmer could choose to use a catch crop on their English land to meet the requirement, but couldn't use a catch crop on their Welsh land.

Permanent grassland

Farmers must meet the rules that apply in the part of the UK where their permanent grassland is located. Read the guidance for each part of the UK for more information – see page 16.

Cross compliance rules

Farmers need to meet the cross compliance rules that apply in the part of the UK where the land, or livestock, is located. Read the guidance for each part of the UK for more information –see page 16.

BPS payments over €150,000

If a farmer's 2015 BPS payment (excluding the greening payment and any young farmer payment) is more than €150,000, the amount over €150,000 will be reduced.

The table below shows the reductions that apply in different parts of the UK:

Reductions	
England	Amounts over €150,000 will be reduced by 5%
Northern Ireland	Amounts over €150,000 will be reduced by 100%
Scotland	Amounts over €150,000 will be reduced by 5%
Wales	Amounts: <ul style="list-style-type: none">• over €150,000 and up to €200,000 will be reduced by 15%• over €200,000 and up to €250,000 will be reduced by 30%• over €250,000 and up to €300,000 will be reduced by 55%• over €300,000 will be reduced by 100%

Reductions are worked out based on the proportion of the total value of entitlements a farmer has used to claim payment in each part of the UK. Then the reduction rates above are applied.

The example on the next page shows how reductions are worked out.

BPS payments over €150,000

Example

A farmer's BPS payment (excluding greening and any young farmer payment) would be €250,000. Out of the total value of the farmer's entitlements used to claim payment:

- 25% of the total value of entitlements were used in Northern Ireland
- 75% of the total value of entitlements were used in Scotland

Therefore €100,000 (the amount over €150,000) will be reduced as follows:

- 25% under reduction rates for Northern Ireland
- 75% under reduction rates for Scotland

Northern Ireland:

Multiply the amount to be reduced (€100,000) by the share of the value of entitlements to be used in Northern Ireland (25%). Then multiply the answer by the reduction rate for Northern Ireland (100%).

$$€100,000 \times 0.25 \times 1 = €25,000.$$

For entitlements in Northern Ireland the payment is reduced by €25,000

Scotland:

Multiply the amount to be reduced (€100,000) by the share of the value of entitlements used in Scotland (75%). Then multiply the answer by the reduction rate for Scotland (5%).

$$€100,000 \times 0.75 \times 0.05 = €3,750.$$

For entitlements in Scotland the payment is reduced by €3,750

Total reduced payment:

Original payment: €250,000

Minus the reduction for Northern Ireland: €25,000

Minus the reduction for Scotland: €3,750

Total BPS payment (excluding greening and any young farmer payment): €221,250

Reductions and penalties

If a farmer doesn't meet the scheme rules, reductions and penalties may be applied. They may be applied if a farmer:

- makes an application for payment or application for entitlements late;
- makes certain changes to their application after the deadline;
- doesn't meet the scheme eligibility, greening or cross compliance rules; or
- doesn't declare all of their agricultural land parcels

All of the land on a farmer's holding (covering all their land in the UK) is treated together for the purposes of calculating reductions and penalties.

More details about reductions and penalties are available in the scheme guidance for each part of the UK –see page 16 for more information.

More information

In England, RPA and Defra sent the following guidance to all farmers:

- The Basic Payment Scheme in England 2015.
- The Guide to Cross Compliance in England 2015.

This guidance, and more information on the new Common Agricultural Policy schemes, can be found at www.gov.uk/government/publications/basic-payment-scheme-guidance-for-2015 and www.gov.uk/government/publications/cross-compliance-guidance-for-2015

In Northern Ireland, visit www.dardni.gov.uk/grants-and-funding/area-based-schemes-2015.htm

In Scotland, visit: www.ruralpayments.org/publicsite/futures/

In Wales, guidance can be found at:

<http://gov.wales/topics/environmentcountryside/farmingandcountryside/farming/safsinglappform/?lang=en>

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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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