

The Basic Payment Scheme (BPS) for Farmers and Growers

The CAP is reviewed regularly and the latest version took effect on 1st January 2015. The Scheme is made up of a basic payment, a payment for greening and a further payment for new and young farmers. England, Wales and Scotland have slightly different versions of the BPS. The BPS is not linked to production so farmers are free to meet market demands rather than seek to maximise available subsidies.

Entitlements

1. To claim BPS each year, applicants must be both a 'farmer' and an 'active farmer'.

For BPS, a 'farmer' is a person, group of people, or business that does at least one of these on their holding:

- produces, rears or grows agricultural products – including harvesting, milking, breeding animals and keeping animals for farming purposes;
- keeps some land in a state suitable for grazing or cultivation by keeping it clear of any scrub that can't be grazed (sometimes known as 'dense scrub')

For BPS, these are known as 'agricultural activities'.

Farmers will also qualify automatically if the business they are making a BPS application for doesn't operate any of these non-agricultural business activities, although exemptions apply:

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

2. To apply for BPS, farmers must have at least 5 hectares of eligible land 'at their disposal' on 15th May 2015. Only eligible land can be used to generate an entitlement to payment. Although the rules and definitions are very detailed, land classed as eligible is basically:

- All arable land including that growing energy crops
- All grassland including permanent grassland and rough grazing
- Common land where grazing rights exist
- Land in agri-environmental schemes

Ineligible land includes:

- Farm Woodland
- Buildings
- Tracks
- Land used for non-agricultural purposes

Greening

There is a requirement, under this heading, to follow specific environmental farming practices. Detailed rules and exemptions apply with 30% of the BPS payment basically linked to:

- Crop diversification. Farmers with more than 30 hectares of arable land must grow at least three different crops on it. With no crop taking up more than 75% of the land;

- Maintenance of permanent grassland.
- Establishment of an Ecological Focus Area totalling 5% of arable land.

New and Young Farmers

Both must show that they are in control of the business. New farmers must apply within 2 years of start-up and young farmers must be aged 40 years or under.

How to receive payment

Payments are administered by the Rural Payments Agency for England and the devolved governments, for other parts of the UK.

An annual claim form has to be submitted by 15th May. Only one farmer can claim on the land in any one year.

The claimant will also have to meet the requirement of “Cross Compliance” of which there are two principal elements:

1. Statutory Management Requirements

European legislation must be adhered to encompassing:

- Environment
- Public and Animal Health
- Disease notification
- Animal welfare

2. Good Agricultural and Environmental Conditions (GAEC)

EU member states can set their own rules to ensure land is kept in GAEC. In the UK each of the countries has adopted slightly different rules. By not adhering to the requirement of GAEC farmers can lose part of their Basic Payment. These rules for instance specify when hedges can be cut; farms have to comply with rules regarding soil protection, the protection of Scheduled Monuments and Sites of Special Scientific Interest. The requirement to have unsprayed and unfertilised fields margins next to hedges and watercourses.

Payment

Claimants receive their payment in the period 1st December to 30th June. Most payments are made in early December.

Payments are calculated in euros and converted to sterling using the official euro exchange rate at the close of business on 30th September each year. Claimants can elect to receive their payment in euros. This is done when they submit their BPS application in May.

RURAL DEVELOPMENT

New Rural Development Programmes start on 1st January 2015 and will provide additional funding for schemes aimed at:

- Managing the environment, replacing the existing stewardship schemes
- Increasing farming and forestry productivity
- Growing the rural economy

The Programmes are tailored, by the individual UK governments, to suit local needs.