

# CAP Reform - Opportunities for New Entrants

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18 February 2015

This programme is funded by the Scottish Government as part of its New Entrants to Farming Advisory Activity.

# Content



SRUC



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# Basic Payments Scheme (BPS)

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- Area payments – with three payment regions
- “flattening” by 2019 with transition
- 30% of budget linked to Greening requirements

# BPS & Greening Regionalisation



Payment Region	Approx. Area (ha)	Typical Use of Parcels (Fields)	Estimated Approx. Payment Rate 2019 per ha *
1	1.8 million	Arable cropping, temporary grass and permanent grass	€220 (£176)
2	1.0 million	Better quality rough grazing with LFA grazing categories B,C and D	€35 (£28)
3	2.0 million	Poorer quality rough grazing with LFA category A	€10 (£8)

\*based on a euro/sterling exchange rate of €1 = £0.80

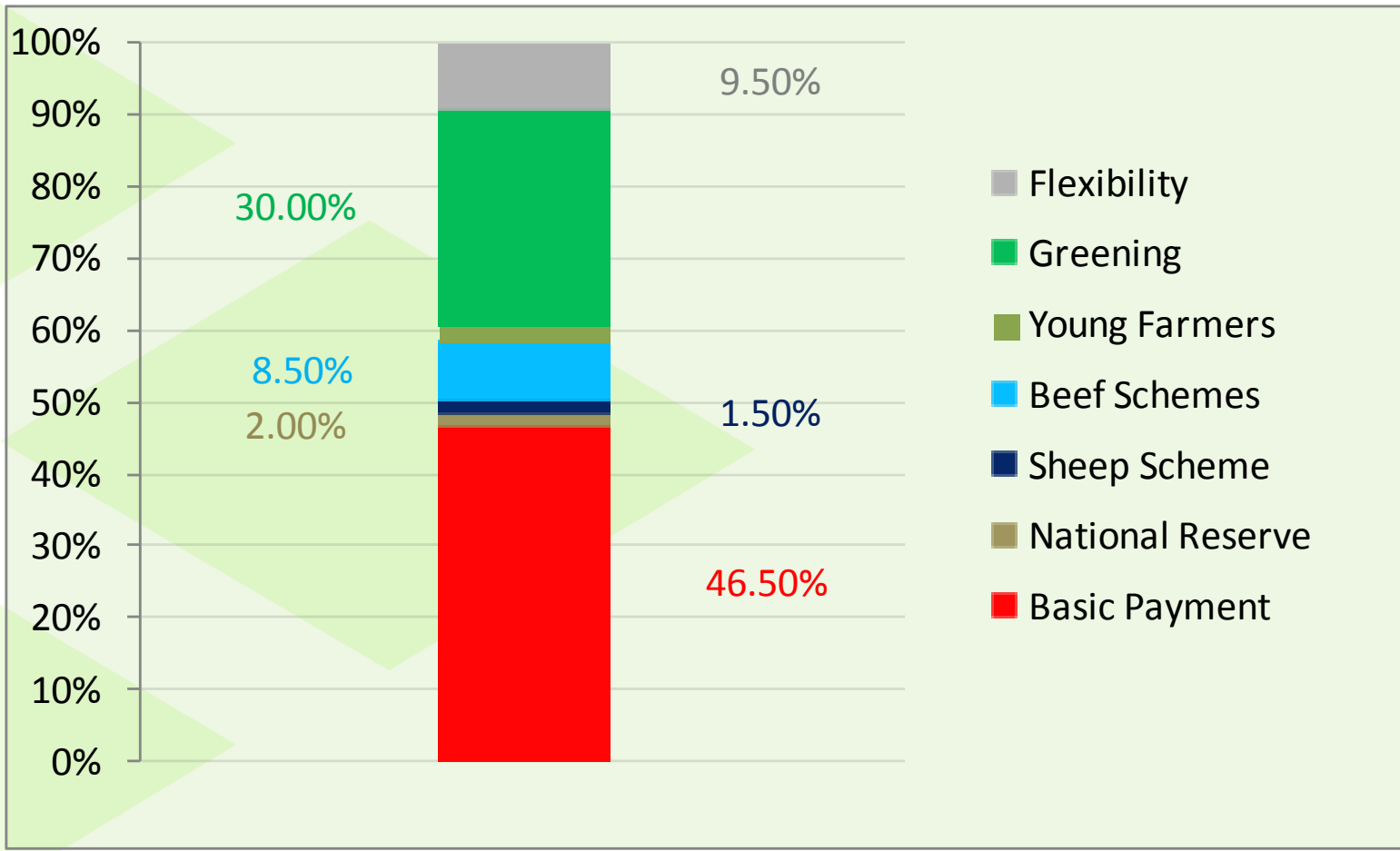
# Allocation of Entitlements

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- **Route 1 – automatic allocation**
- **Route 2 – activity in 2013**
  - Never held entitlement but can prove production on 15 May 2013
  - No SFP but producing fruit/vegetables/potatoes
- **Route 3 – National Reserve**
  - New Entrant
  - Young Farmer (under 41 on 31/12/15)
  - Force Majeure or Exceptional Circumstances
  - Specific Disadvantage (previous NR recipients and those not allocated entitlement in 2005)
- **Route 4 – Private Contracts Clause (2 types)**
  - Right to receive entitlements
  - Transfer of BPS entitlements

# Transition – Pillar 1 Budget



# Arable – 300ha (740 acres)



<b>Current Payments (Pre-Modulation in €)</b>	
Number of claimed SBS calves	
2013 Entitlement value (€)	€ 100,000.00
2014 Entitlement value (€)	€ 76,930.00
2013 SBCS (€)	€ 0.00
2013 Total Pillar I (€)	€ 100,000.00
<b>Exchange Rate (£/€)</b>	<b>€ 0.77730</b>

<b>2013 Payments (After Modulation &amp; Financial Discipline)</b>	
2013 SFP (€)	€ 83,845.42
2013 SBCS (€)	€ 0.00
Total 2013 Pillar I (€)	€ 83,845.42
<b>Total 2013 Pillar I (£)</b>	<b>£70,098.97</b>

# Arable – 300ha (740 acres)



## New CAP Payment Estimate

	2014	2015	2016	2017	2018	2019
Greening Payment	€ 0	€ 22,343	€ 22,389	€ 22,434	€ 22,501	€ 22,568
2014 SFP / Basic Payment	€ 75,954	€ 39,412	€ 40,442	€ 41,472	€ 42,502	€ 43,531
Young Farmer Uplift	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Beef Scheme <sup>+</sup>	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Beef Scheme - Islands	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Sheep scheme	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
5% Degressivity (BPS>€150k)	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Capping (if > €600k)	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
<b>Total Payments (€)</b>	<b>€ 75,954</b>	<b>€ 61,755</b>	<b>€ 62,831</b>	<b>€ 63,906</b>	<b>€ 65,003</b>	<b>€ 66,099</b>
<b>New Rate per Ha (€)</b>		<b>€ 205.85</b>	<b>€ 209.44</b>	<b>€ 213.02</b>	<b>€ 216.68</b>	<b>€ 220.33</b>
<i>Total Payments (£) at 2014 exchange rate</i>	<i>£59,039</i>	<i>£48,002</i>	<i>£48,838</i>	<i>£49,674</i>	<i>£50,527</i>	<i>£51,379</i>
<i>New Rate per Ha (£)</i>		<i>£160.01</i>	<i>£162.79</i>	<i>£165.58</i>	<i>£168.42</i>	<i>£171.26</i>
<i>New Rate per acre (£)</i>		<i>£64.75</i>	<i>£65.88</i>	<i>£67.01</i>	<i>£68.16</i>	<i>£69.31</i>
<b>CHANGE FROM 2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Change in Total Payment in Euros</b>	<b>-€ 7,891</b>	<b>-€ 22,091</b>	<b>-€ 21,015</b>	<b>-€ 19,939</b>	<b>-€ 18,843</b>	<b>-€ 17,746</b>
<b>% Change from 2013</b>	<b>-9.41%</b>	<b>-26.35%</b>	<b>-25.06%</b>	<b>-23.78%</b>	<b>-22.47%</b>	<b>-21.17%</b>
<b>Cumulative Change</b>	<b>-€ 7,891</b>	<b>-€ 29,982</b>	<b>-€ 50,996</b>	<b>-€ 70,936</b>	<b>-€ 89,778</b>	<b>-€ 107,525</b>
<b>Change in Total Payment in Sterling*</b>	<b>-£11,060</b>	<b>-£22,097</b>	<b>-£21,261</b>	<b>-£20,425</b>	<b>-£19,572</b>	<b>-£18,720</b>
<b>% Change from 2013</b>	<b>-15.78%</b>	<b>-31.52%</b>	<b>-30.33%</b>	<b>-29.14%</b>	<b>-27.92%</b>	<b>-26.71%</b>
<b>Cumulative Change</b>	<b>-£11,060</b>	<b>-£33,157</b>	<b>-£54,417</b>	<b>-£74,842</b>	<b>-£94,414</b>	<b>-£113,135</b>



# Pillar 1 - Young Farmers Scheme

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- Under 41 by the end of the application year
- Business set up within 5 years of application
- Payment for each eligible hectare is set at 25 per cent of the average value of Basic Payment Scheme entitlements  
- up to 90 ha
- Effectively paid for 5 years or until recipient reaches 40/41 whichever comes sooner

# Pillar 2 - SRDP

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# New Entrant Start-up Grant (£8m)

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- Aimed specifically at young new entrant farmers and crofters who are starting an agricultural business for the first time or taking over control of an existing business.
- Up to £55,000 – depending on business plan – paid in 2 instalments
- Funding can be used to help with many of the costs associated with starting-up an agricultural business.
- Could include acquiring land, purchasing equipment, machinery, livestock or constructing buildings or infrastructure.
- 2 application periods (January-April & July-October)

# Eligibility

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- At the time of submitting your application:
  - you must be less than 41 years of age
  - you must have, for the first time, set up as head of an agricultural business (either as a sole trader, as an equal partner with other young farmers, as the majority partner with other farmer(s) or crofter(s) or as the majority shareholder in a company
  - you must have been head of that business for no more than two years
  - you must have registered your business with SGRPID
- You must also either:
  - have a suitable formal agricultural qualification at least to National Vocational Qualification Level two
  - be able to demonstrate at least five years agricultural experience
  - If you do not intend to attain a formal agricultural qualification as part of your business development plan you will need to explain why this is not necessary.

# New Entrants Capital Grant (£2m pa)

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- This scheme provides grants for people new to farming to make improvements to their agricultural business and help to promote sustainable development.
- Funding can be used for capital projects, such as the construction or improvement of agricultural buildings.
- Funding for eligible capital projects can cover all aspects of the project, including the cost of materials, transportation of materials, costs of contractors and your own labour.
- The total amount of grant aid you can apply for in any two-year period is:
  - individuals: up to £25,000
  - groups: up to £125,000

# Eligibility & Rates

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- The scheme is open to farmers and crofters who have been head of an agricultural business for up to five years before the application for support.
- Apply at any time during the year
- Individual New Entrant Farmers:
  - less than 41 years old when they apply: up to 80 per cent of eligible costs in a Less Favoured Area and 60 per cent if outside
  - aged 41 years or older when they apply: up to 60 per cent inside a Less Favoured Area and 40 per cent outside
- Groups:
  - including New Entrant Farmers aged less than 41 years old when they apply: 90 per cent in a Less Favoured Area and 80 per cent outside
  - including New Entrant Farmers aged 41 years or older when they apply: 80 per cent in a Less Favoured Area and 60 per cent outside

# Remember - No. 1 Priority

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