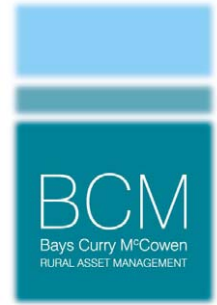


# PRESS RELEASE



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## Important new developments for the Single Payment Scheme 2008

A recent meeting in the EU has cleared up a number of points with regards to the 2008 Single Payment Scheme. It has been agreed that the rate of compulsory set aside in 2008 will be reduced from 10% to 0%. Set aside entitlements will remain and will still have to be activated first, but for land to be eligible as set aside it can be growing any crop or indeed no crop. The Commission have also highlighted the new rules which effectively end the 10 month rule of occupation which was in place. Now, claimants will have to hold the land on a single day – June 15<sup>th</sup> in the claim year – and the claimant will take responsibility for cross compliance etc for the whole calendar year.

There has also been a leak within the EU outlining how capping might be brought in – although it is unlikely to take effect until 2010. This is to be known as “degressive capping” where effectively all farmers will receive a certain amount of aid with no capping, and then as they receive monies over and above certain trigger limits, the amount by which the claim exceeds those trigger limits will be capped at an increasing rate. It is generally felt that because this capping method will not come in until 2010 (when the farmers are receiving a largely regional payment) it is really only going to effect very large farmers, potentially only those within claims of over 5,000 acres.

Also the system of fruit, vegetable and potato (FVP) entitlements is to be entirely scrapped.

Andrew Bays of BCM Bays Curry McCowen comments “These are exceptionally important new developments for the Single Payment Scheme. The 0% set aside, the scrapping of FVP

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entitlements and the 15<sup>th</sup> June date on which the claimants will have to hold the land are all to be broadly welcomed. However the latter point will mean that tenancies and sale agreements will need to be very carefully drafted to ensure that this position is clearly catered for.

However, degressive capping is a bit of a blot on the horizon, although as currently drafted it would appear to have relatively little effect on all but the largest farmers. What is also developing is that we have a relatively weak pound. The exchange rate for Single Payment will be set on 30 September and could mean increases in excess of 3% on the payment made last year.”

“The Single Payment Scheme remains a very important element of any agricultural business and we would urge all farmers to seek advice when changing any element of their farming system to make sure that they are covered from all Single Payment aspects. We also hope that the form filling process is going to be simplified as a result of 0% set aside. The RPA are also bringing in an electronic Single Payment Scheme form application service, details of this are awaited although we at BCM view this with considerable scepticism given we were early adopters of the two previous electronic forms submission programmes by the RPA, both of which were unmitigated disasters.”

For further comment please contact Andrew Bays on 01962 763900.



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