

Single Payment Scheme (SPS) Allocation of new entitlements for 2010 Information Note 3 – National Reserve (Permanent fruit and vegetables, nursery crops and vines)

If the standard method of calculating your allocation of new entitlements does not accurately reflect your current business you can apply to the National Reserve to increase the number of new entitlements.

There are rules which you have to meet, therefore you should read this information carefully, to work out whether or not you can apply.

If you do want to apply to the National Reserve, you can do so on the new entitlements application form (SP20) which will be available in June 2009. The deadline for us to receive your completed SP20 is 13 August 2009.

1 Overview

We published *Information Note 2* in September 2008. In that note we explained that in some limited circumstances you will be able to apply to the National Reserve for extra new entitlements in relation to land you use to grow permanent fruit and vegetables, nursery crops and vines (called 'newly eligible crops' in this note). This *Information Note 3* gives further details about the rules you need to meet and how to apply.

We will include this information in the guidance booklet which we will send with the SP20 in June 2009.

If you have not already registered your interest for new entitlements, you should telephone us as soon as possible on 0845 603 7777. If you delay, you may not get what you could be entitled to.

2 Introduction to the National Reserve

Our standard method of calculating the number of new entitlements is based on the area of newly eligible crops you grew in the relevant 2008 reference period (excluding any land which was eligible to have been used to establish entitlements in 2005). Read section 6 for details of the reference periods. If you think that this will give you a number of entitlements which does not properly reflect your current business, you can apply to increase the number of new entitlements. Some rules apply.

You may qualify for extra new entitlements from the National Reserve under two different categories, depending on your circumstances:

- Investors.
- Transfer of leased land.

If you qualify for extra new entitlements under more than one category, or under the separate hardship rules (which we explained in *Information Note 2*) you will only receive one allocation, either from the National Reserve or under the hardship rules. We will give you the allocation that offers you the largest number of entitlements.

When calculating the number of extra new entitlements you may be eligible to receive from the National Reserve, we will not take account of land which was eligible to have been used to establish entitlements in 2005. This applies even if it was not actually used to apply for entitlements in 2005.

Sections 3 and 4 explain the rules you need to meet for extra new entitlements from the National Reserve. These sections also explain how we will calculate the number of extra new entitlements you receive.

3 Investors

Eligible investments

You may qualify for an allocation of new entitlements from the National Reserve if **by 1 November 2007**:

- you bought land, or took out a lease of six or more years on land, to increase the total area of newly eligible crops you grow (above the total area you grew during the relevant 2008 reference period). You do not have to use the land bought/leased to grow newly eligible crops; your increase in newly eligible crops may have been on some of your other land; or
- you leased land for less than six years to increase the total area of newly eligible crops you grow. The increased area must be at least 10% greater than the area you used to grow newly eligible crops during the relevant 2008 reference period. This is to avoid normal annual fluctuations. If you meet this, we will give you entitlements based on all of the increased land (including the area below the 10%); or
- you invested in increased production capacity, to increase the total area of newly eligible crops you grow (above the total area you grew during the relevant 2008 reference period). This might include, for example, buying stock of newly eligible crops.

Ineligible investments

The following are not eligible:

- Investment in land which is used for forests or non-agricultural purposes.
- Investment in upgrading facilities for environmental protection, health and safety, product quality, legal obligations or input reduction (including labour input).
- Investment in machinery, plant and equipment.
- Investments beginning after 1 November 2007 (including part investments in a rolling programme).
- Investments not supported by suitable evidence.

Proof of investment

You need to send us proof of your investment with your SP20. Where we ask for original documents, for example, proof that you have bought or leased land, we will also accept certified copies. If you do send original documents, we recommend you send them by registered post. This proof must include:

For all investments:

- Proof, for example, cropping plans, to show that the land you bought or leased, or your other eligible investment has led/will lead to an increase in the total area of newly eligible crops you grow.

- If the investment has not yet led to the expected increase in the total area of newly eligible crops you grow, you must also give us an investment plan, and proof that you had the finance to complete the investment, for example, letter of offer of finance or proof of your own capital. The investment plan should give details on the scale and timing of the investment and should show how the investment would lead to an increase in the total area of newly eligible crops you grow. Where you do not have a written investment plan, we will consider other written proof on its merits, but this would still need to show the scale and timing of the investment and how the investment would lead to an increase in the total area of newly eligible crops you grow.

For investments relating to buying or leasing land:

- Original documents or a certified copy confirming that you bought or leased land and that this was completed by 1 November 2007 and showing the area and identity of the fields involved.
- For cases of increase to your total area based purely on short-term lets, you must give us extra proof showing the size and timing of the investment/increase, for example, an investment or development plan, to show that the investment was not a 'one-off' or related to a short-term, opportunist reaction to the market.

For other eligible investments:

- Proof that an investment took place by 1 November 2007 which increased your capacity to grow newly eligible crops, for example, receipts for stock of newly eligible crops.
- You will also need to send us proof that this investment was not reflected in the area of newly eligible crops you grew during the 2008 reference period.

Calculation of the number of entitlements to be allocated

If your application to the National Reserve is successful, we will give you a number of entitlements based on the increased area of newly eligible crops you now grow (above the total area of newly eligible crops you grew in the 2008 reference period). You will receive one entitlement per hectare of extra land you use to grow newly eligible crops.

Where the total area of newly eligible crops you now grow does not reflect the investment you made, we will base the number of new entitlements on the increased area of newly eligible crops you have shown should be taken into account.

In all cases, we will only consider newly eligible crops you have grown on land which was not eligible to have been used to establish entitlements in 2005.

4 Transfer of leased land

Eligibility requirements

You may qualify for extra new entitlements from the National Reserve if you meet all of the following:

- you received/will receive land by 13 August 2009 that was being used during the relevant 2008 reference period to grow newly eligible crops but was leased to a third person and the lease was put in place by the person from whom you received the land;
- you received the land by sale or lease for six or more years, free of charge or at a symbolic price or by inheritance;
- you received the land from a farmer who retired from farming or died before 13 August 2009; and
- the land was not eligible to have been used to apply for entitlements in 2005. (This applies whether or not it was actually used to apply for entitlements.)

Proof

You need to send us proof with your SP20 that you meet the above rules. Where we need original documents, for example, proof that you have bought or leased land, we will also accept certified copies. If you send original documents we recommend you send them by registered post. This proof must include:

- proof that you have received/will receive land by 13 August 2009. For example, a legal document in the form of a will, deeds of transfer, sales contract, six year (minimum) lease or signed statement from a solicitor providing legal confirmation of transfer;
- proof that you received/will receive the land free of charge or at a symbolic price or by inheritance, rather than through a normal commercial purchase or lease;
- proof of the associated lease to a third party which confirms which land was leased during of the reference period; and
- confirmation of all field numbers and areas involved in the lease.

Calculation of the number of entitlements to be allocated

If your application to the National Reserve is successful, we will give you entitlements based on the number of hectares which meet the rules we have described above.

5 How to apply to the National Reserve

You will be able to apply for an extra allocation of new entitlements from the National Reserve on the SP20. If you have registered your interest in the new entitlements with us, we will send you an SP20 in June 2009. If you do not receive an SP20 by the end of June, you should contact us to ask for one. You must then complete the form and send it back to us, together with all supporting proof, by 13 August 2009.

If you do not send all proof with your SP20 form, we will reject your National Reserve application.

You should note that any land you include in an application to the National Reserve has to be registered on our Rural Land Register. If it is not already registered, you should contact us now (read section 9) to ask for a *Request for changes to the Rural Land Register* form (RLE 1) which you need to complete and return to us as soon as possible.

6 Reference periods

The reference periods we have referred to in this information note are when you need to have had eligible crops present on the land, to be eligible for an allocation of new entitlements:

- Land under permanent fruit and vegetables (including commercial orchards) and nursery crops – 1 January – 30 September 2008.
- Land under vines – 1 January – 31 July 2008.

7 Regulations

The European Union regulations for the Single Payment Scheme set the main rules under which farmers (growers) of permanent fruit and vegetables and nursery crops can apply to the National Reserve for an increased number of entitlements.

Vines are covered by a different part of the European Union regulations. However, farmers of vines can apply for an increased number of entitlements under rules which are the same as those for the National Reserve.

8 Key Dates

2009

June	We will send out the new entitlements application form (SP20) and guidance notes. We will begin the application validation process.
13 August	Deadline for RPA to receive completed applications for new entitlements.

2010

1 January	Start of SPS scheme year. From this date you must comply with all relevant cross compliance conditions.
January/February	We will send out an Entitlement Statement showing the number of new entitlements which you have been allocated. Entitlements will be available for transfer once you receive this statement.
March	We will send out 2010 SPS <i>Application Form</i> (SP5) to claim for payment against the entitlements allocated to you.
17 May	Deadline for RPA to receive completed applications for 2010 SPS.
December	2010 SPS payment window opens.

9 How can I contact RPA?

Contact us by telephone on 0845 603 7777.

Or you can e-mail us at csc@rpa.gsi.gov.uk