

Guidance for the 2006 SPS Entitlements Statement

Understanding your Entitlements Statement

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A. Introduction

This booklet is designed to help you to understand the information in your 2006 Entitlements Statement for England. It should be read with other Single Payment Scheme (SPS) guidance and information, and with the Single Payment Scheme Handbook and Guidance for England 2006 (available at www.rpa.gov.uk and from the Customer Service Centre).

B. What is the Entitlements Statement?

The Entitlements Statement tells you the number of English entitlements you have previously been allocated and the new value in Euros of each entitlement for the 2006 scheme year. The value of entitlements will change from year to year because they are revalued annually. Please also note that this revaluation does not necessarily mean that we have completed processing your 2006 claim as the revaluation of entitlements is not dependent upon full validation of claims.

The Entitlements Statement is a 'snapshot' of the number of entitlements you hold at a specific time. These must have been activated on your 2006 SPS application form to qualify for payment. Please also note that this Entitlements Statement is not a guarantee of payment.

C. Reading your Entitlements Statement

If you farm in more than one English region, for example, Severely Disadvantaged Area (SDA) Moorland and SDA lowland, we will send you a statement sheet for each different region. On each sheet your entitlements will be grouped together in blocks. Each block will show all the entitlements allocated to you of each type, including a value and a date by which they should be used.

You can choose each year to claim payment on some or all entitlements in each block. If you did not activate (claim payment on) all of the entitlements within a block as shown on your 2005 Entitlements Statement, those which have not been activated will have a different use-by date to those which have, and will therefore appear as two lines on your 2006 Entitlements Statement. Over time, you may have entitlements with different use-by dates within one entitlement block.

If you decide to transfer entitlements, you can transfer some or all of them. You can do this by using an RLE 1 Form (available for order on our website or from our Customer Service Centre).

Please note that your Entitlements Statement may not be correct if one (or more) of the following reasons apply to you:

- you have transferred entitlements in or out of your business;
- you have received a copy of the Sugar Information Statement;
- you have "Eng Res" (National Reserve) entitlements and did not activate them all in 2005;
- you have outstanding amendments to your 2005 SPS claim that still need to be completed by RPA.

D. Sample Entitlements Statement

The sample Entitlements Statement with guidance boxes (on pages 5 and 6) is designed to help you understand the information contained within it.

Each Entitlements Statement has six columns:

The **first** column '*Ent ID*' gives a unique eight figure identification number for each block of entitlements. You will need to quote this on the RLE 1 form if you wish to transfer some or all of the entitlements in that block.

The **second** column '*Number*' shows how many entitlements you have in that block.

The **third** column '*Type*' shows the type of entitlements in the block. There are four types of entitlements:

- **Normal**
- **Set-aside**
- **Special**
- **National Reserve** (Eng Res) – if the initial value of your entitlements was increased by more than 20 per cent as a result of an award from the National Reserve, or if you have received entitlements from the National Reserve. If you received an allocation from the National Reserve that was less than 20 per cent, your entitlements will be identified as normal entitlements and not as National Reserve (Eng Res) entitlements.

The 2006 Single Payment Handbook and Guidance for England contains the usage rules for each of the above entitlements.

The **fourth** column '*Fruit & Veg Auth*' shows how many entitlements within that block have fruit, vegetables and potatoes (FVP) authorisations. This number of FVP authorisations should correspond with the recent letter horticultural claimants will have received titled "*Single Payment Scheme 2005: Horticultural (FVP) Authorisation Allocation*".

The **fifth** column '*Value*' shows the value of each entitlement within that block of entitlements. In 2006 the value is calculated as follows:

- 15% of the total payment sum available (financial ceiling) is used to make flat rate payments. The 2006 flat rates are listed in the attached letter and Section F. These flat rate figures are recalculated for each year by RPA.
- If your entitlements contain an historical element (calculated as a proportion of the combination of your Historic Reference Amount, Dairy Reference Amount and National Reserve award, where applicable) you will receive a share of the remaining 85% of the financial ceiling. We will calculate this element by comparing your reference amount with the total amount allocated to all farmers in that region. If your reference amount is 0.0001% of the total reference amount for example, you will receive 0.0001% of the 85% of the financial ceiling.

The **sixth** column '*Use by Scheme Year*' shows the latest scheme year by which you must activate your entitlements.

If you do not activate your entitlements by the scheme year shown they will be surrendered to the National Reserve.



We will send you a separate statement for each English region:

- Non-SDA (Severely Disadvantaged Area)
- Upland SDA other than moorland; and
- Upland SDA moorland.

Entitlements Statement for Mr A Farmer
SBI: 987654321
Region: Non-SDA

Date of statement: 22 December 2006

Number of Entitlements allocated to you of each type.

Entitlement identity number. You will need to quote this number if you transfer your entitlements.

Ent ID	Number	Type	Fruit & Veg Auth	Value	Use by Scheme year
12345678	12.34	Normal	0	€144.33	2009
23456789	5.67	Set aside	0	€45.92	2009

The date that entitlements were revalued.

Number of fruit, vegetable and potato (FVP) authorisations.

Shows the last year you must use entitlements to support a claim and avoid losing them to National Reserve.

Type of entitlement:

- Normal
- Set-aside
- Special; or
- English Reserve.

Total number for region: 18.01
Total value for region: €2041.40

Unit value of entitlement. Shown in Euros.

**This is an important document.
Please keep for your records.**

Rural Payments Agency, PO Box 1058, Newcastle upon Tyne, NE99 4YQ

E. What happens after I receive my Entitlements Statement?

Payments will be subject to EU and National Modulation and, where applicable any other reductions, such as penalties.

Full Payments

- We will begin making full 2006 payments on all fully validated SPS applications for the 2006 scheme year as soon as possible.
- At the same time as the payment is made a Remittance Advice Note telling you the amount of your SPS payment will be sent. This will be followed, about 10 working days later, by a Payment Statement which will give you a breakdown of the payment so that you can see how the amount has been calculated.
- Unless you have told us that you want payment in Euros, we will send your Payment Statement in Sterling. This is converted from Euros at an exchange rate for 2006 of €1 = £0.67770.

Partial Payments

Please note that, if you receive an SPS partial payment you will receive a partial payment letter and separate Remittance Advice Note. You will not receive a Payment Statement at this stage – this will be issued after you have received the final balance of your payment.

F. Developing entitlement values

The number of entitlements you established in 2005 remains the same unless:

- you choose to transfer entitlements in or out of your business,
- you lose all or part of them by not meeting the relevant scheme rules,
- amendments are made to your entitlements by RPA

The value of your entitlements will change each year until 2012 as we move towards a 100% flat rate payment per hectare. This means that from 2005 to 2012 the flat rate part of your payment will increase each year and the historic element will reduce. The exception to this reduction is for those producers with a Dairy Reference Amount, where, exceptionally for 2006, there has been an increase to their reference amount.

Payment may vary each year due to changes to the financial ceiling available for the SPS. Changes to payments will apply to each of the three English regions.

For 2006, the rates per region are:

Region	Flat Rate	Reduction factor
Non-SDA	€45.92	0.9362356601
SDA	€38.02	0.9372378661
SDA Moorland	€ 6.48	0.9217465831

The reduction factor is a factor applied to the 2005 historic element to enable the 2006 historic element to be calculated. In 2005 this factor was the same for all three English regions but for 2006 each region has its own unique rate.

G. 2006 entitlements calculator

This section aims to show, for a simple case, how the value of 2006 entitlements have been calculated.

Entitlement values are based on the flat rate and some have an historic top-up element. This is based on your historic subsidy claims (Historic Reference Amount) and, where applicable, the 2004/05 dairy quota (Dairy Reference Amount) and National Reserve allocation

For 2006, the flat rate has increased to 15% of the total fund available and the historic element decreased to 85% of the fund.

In this example, a 2005 Entitlement worth €250 in the "Non-SDA" region (a), can be seen as the combination of the €28.2 flat rate (b) and a €221.8 historic top-up element (c).

The flat rate for 2006 in the Non-SDA area (d) is €45.92 and the '2006 reduction factor' to the historic element (e) is 0.9362356601. Using these figures the following calculation is shown on the next page.

Example

2005 Entitlements Statement shows:

English Area: Non-SDA

Ent ID	Number	Type	Fruit & Veg Auth	Value (€)	Use By
12345678	100.00	Normal	0.00	(a) 250.00	2008
23456789	8.66	Set-aside	0.00	28.20	2008

2005 entitlements in the "Non-SDA" region (a)	€250.00
2005 "Non-SDA" region rate (b)	€28.20
2005 historic component (a - b) = (c)	€221.80
2006 "Non-SDA" region rate (d)	€45.92
2006 reduction factor (e)	0.9362356601
2006 historic component (c x e) = (f)	€207.6570694
2006 entitlements in the "Non-SDA" region (d + f) = (g)	
= 45.92 + 207.6570694	
= €253.5770694 (rounded to €253.58)	

2006 Entitlements Statement should show:

English Area: Non-SDA

Ent ID	Number	Type	Fruit & Veg Auth	Value (€)	Use By
12345678	100.00	Normal	0.00	(g) 253.58	2009
23456789	8.66	Set-aside	0.00	45.92	2009

Please note this example does not allow for:

- 2006 Dairy uplift
- Transfers of Entitlements
- Additional sugar support.
- National Reserve
- Remaining 2005 entitlement issues

Also note that this is not the amount of Single Payment that you will receive - see Section E.

For a detailed electronic Entitlements Calculator see the RPA website.

To convert your 2006 entitlement values to Sterling multiply the Euro figures by 0.6777 - the confirmed 2006 exchange rate.

H. Recovering entitlements

If you transfer entitlements you should be aware that any recovery from your initial allocation, should it be required, will be applied to the person who has received the entitlements (if you do not hold sufficient entitlements). Similarly, if the value of entitlements requires adjustment, transferred amounts may also be affected.

I. Contacting us

If you have any questions about this guidance, please contact the Customer Service Centre on 0845 603 7777. Hours of opening are 8.30am to 5.00pm, Monday to Friday. You should ensure that you have your SBI number to hand when you call.

Email address: csc@rpa.gsi.gov.uk

Address: Rural Payments Agency
PO Box 1058
Newcastle upon Tyne
NE99 4YQ

Please quote your SBI number and Business name in any correspondence.



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