

Understanding your Single Payment Scheme Entitlements Statement

NOVEMBER 2009

Contents

A. What is the Entitlements Statement?	1
B. What's new in this year's guidance?	1
C. What does the Entitlements Statement show?	2
D. Sample Entitlements Statement	6
E. What happens after I receive my Entitlements Statement?	8
F. Changes to the number of entitlements	9
G. Developing entitlement values	9
H. Entitlements calculation	10
I. Expiry of entitlements	12
J. Contacting us	13

A. What is the Entitlements Statement?

Your Single Payment Scheme Entitlements Statement gives your current entitlement position for the scheme year shown on the statement. You need to keep your Entitlements Statement and use it when you complete your next Single Payment Scheme application form (SP5). We have written this guidance to help you understand the information in your Entitlements Statement. Use it with any Entitlements Statements printed after 1 November 2009 in the format shown on pages 6 and 7.

You should read your Entitlements Statement with other Single Payment Scheme guidance and information, such as the *Single Payment Scheme Handbook and Guidance for England* for the scheme year shown on your statement, as well as any relevant update booklets (these are available on our website at www.rpa.gov.uk and from our Customer Service Centre).

On your Entitlements Statement we show you the number of English entitlements you held on 15 May for the scheme year printed at the top of the statement. We also show the up to date value in Euros of each of these entitlements. The values of your entitlements change from scheme year to scheme year. The revised valuation does not mean that we have completed processing your claim.

B. What's new in this year's guidance?

The Common Agricultural Policy Health Check has made some changes to the policy on entitlements:

- There are only two types of entitlements for the 2009 scheme year. These are Normal and Special entitlements. We converted Set-aside and English Reserve entitlements to Normal entitlements for the 2009 scheme year.
- The rules on how you use your Normal entitlements will be changing for the 2010 scheme year. From 2010 an entitlement must be used at least once in two years instead of the previous rule of once in three years. You will need to remember this when you complete your 2010 SP5, (read section I for more information).
- New entitlements could be applied for in 2009 for land used to grow permanent fruit and vegetables, nursery crops, and vines. These entitlements can be used to claim for payment for the first time in 2010, and will be valued at the Single Payment Scheme regional flat rate.

C. What does the Entitlements Statement show?

In the example of the Entitlements Statement we show on pages 6 and 7 you can see that it has four sections:

- Name, address and date
- Part A: Customer details
- Part B: Entitlements for the scheme year shown on the statement
- Part C: Entitlements changes completed

Name, address and date

Here we include:

- Your name and address. Where you have completed an *Agent/Partnership Authorisation form (SP9)*, or you have empowered an agent/partner by completing a *Customer Registration Form (CReg01)*, we will show the name and address of the agent or partner.
- The date we show will be the date the information in the statement was produced. (This is the date we took the information from your record and not the date we printed your statement.)

Part A: Customer details

Here we include:

- Single Business Identifier (SBI), we use this unique number to identify your business.
- Name of business.

Part B: Entitlements for scheme year

Here we include:

- Total entitlements value, this is the total value of your entitlements you held on 15 May for the scheme year shown on your statement. If you activated (claimed against) all of your entitlements for payment, you would see this figure on your Claim Statement. We would reduce the payment value for European and National modulation and, where they apply, any other deductions.
- Total entitlements quantity, this is the total number of entitlements you held on 15 May for the scheme year shown. If you had transferred any entitlements in or out of your business before the 15 May of the scheme year, we should have taken these transfers into account on this statement.

Your Entitlements Statement contains the following columns:

- In the first column, we show the region within England that your entitlements are in and the type of entitlements. There are three regions and two types of entitlements:

The three regions are:

- Non-SDA (Land outside the Severely Disadvantaged Area).
- SDA (Severely Disadvantaged Area).
- SDA Moorland (Moorland within the Severely Disadvantaged Area).

The two types of entitlements are:

- Normal.
- Special.

You can find the rules on how to use each of the above entitlements in the latest version of the *Single Payment Scheme Handbook and Guidance for England*.

We do not include any entitlements on your Entitlements Statement which you hold in Northern Ireland, Scotland or Wales.

For the 2005, 2006 and 2007 scheme years, you could activate entitlements (except Special entitlements) on land growing fruit, vegetables or potatoes if you had fruit, vegetable or potato authorisations attached to them. Authorisations on an entitlement allowed you to claim for payment for that entitlement on the land growing fruit, vegetables or potatoes. We show the words 'with FVP' with these entitlements when they have authorisations attached. You have not needed these authorisations since the 2008 scheme year to claim the Single Payment for land used to grow fruit, vegetables or potatoes, therefore we do not show the words 'with FVP' on your statement from 2008 onwards.

- In the second column 'Entitlement Block ID', we give a unique eight digit identification number for each block of entitlements. If you want to transfer entitlements and ask us for a *Request for changes to the Rural Land Register and for the transfer of entitlements form* (RLE 1) we will print the details about the blocks that you hold, in the RLE 1. You will need to add this information to an *Entitlements declaration form* (SP11) and send it with your SP5 if you want to change the order in which we activate your entitlements for the next scheme year.
- In the third column 'Quantity', we show how many entitlements you have in that block. We allocated (issued) an entitlement for each eligible hectare in

2005, and we will have changed this number to show any transfers you have made in time for the scheme year.

- In the fourth column 'Unit Value (€)', we show the Euro value of a single entitlement within that block of entitlements. We have to value entitlements in Euros, so we have shown the equivalent Sterling value in the next column.
- In the fifth column 'Unit Value (£)', we show the Sterling value of a single entitlement within that block of entitlements. (We have calculated the total value of the entitlement block from the Euro value, not the Sterling value, so you may notice some slight rounding differences with your entitlements. We give the exchange rate for the scheme year in the Notes section.) You can check the value of your entitlements by using the entitlements calculator on our website (www.rpa.gov.uk). Follow the entitlements link on the homepage to the 'Entitlements' section. You can also read sections G and H of this guidance.
- The sixth column 'Use by date', we only show this on Entitlements Statements we produce for a current scheme year. When we produce Entitlements Statements for a previous scheme year we do not show the use by date.

The use by date is the latest scheme year by which you must activate your entitlements for payment. To activate means to use your entitlements along with eligible land to claim for payment under the Single Payment Scheme. For 2009 we have activated your entitlements to give you the highest value payment where you have claimed for eligible land on your SP5, unless you have completed an SP11 to activate your entitlements in a different order.

If you claimed for less eligible hectares than entitlements you hold, we will activate your entitlements in the following order:

- Normal entitlements, we use the highest value entitlement first.
- Special entitlements, we activate only whole entitlements in rising order of value (European Commission regulations say we must do this).

Under the Single Payment Scheme 2005 to 2007 where an entitlement had a fruit, vegetable or potato authorisation, we activated this entitlement before any entitlements without authorisations.

We explained in the relevant Single Payment Scheme handbook and guidance what you should have done if you did not want your entitlements activated in this way. For example, if you activated (claimed against) an entitlement in 2009 the use by date will show 2011 (2009 plus 2 years = 2011).

If you think the use by dates are wrong, you should write to us giving full details of why you think they are wrong. Send your letter to the address we give in section J of this guidance. Give your SBI, name of business and scheme year.

You should read your Claim Statement for the same scheme year, (which we will send to you after each Single Payment). You should check that the areas we show in Part B, 'Quantity or rate' column (under the 'SPS Claim' heading) are what you claimed on your SP5 for the same scheme year. If your Claim Statement is correct you do not have to do anything. If your Claim Statement is wrong, write to us at the address shown in section J of this guidance.

If you do not activate your entitlements by the scheme year shown, we will return them to the National Reserve. A Normal entitlement that was last used in 2008 will have to be used by 2010, as from the 2010 scheme year you will need to activate all entitlements at least once every two years to avoid them being returned to the National Reserve. However, entitlements that were last activated in 2007 will not be lost to the National Reserve as long as they are used in 2010. (Read section I for more information.)

- In the final column 'Subtotal (£)', we show the total Sterling value of all the entitlements within that block. We show the Sterling value on all statements, including those claims which you have asked us to pay in Euros. (You may see some slight rounding differences with this value.)
- 'Notes', we show other information about your statement in this section, such as the exchange rate.

Part C: Entitlements changes completed

If you have not transferred any entitlements in or out of your business, not surrendered (chosen to give up) any entitlements to the National Reserve or your entitlements have not expired (entitlements expire if you do not use them by the use by date), this part will not apply to you and we will show N/A in Part C on your Entitlements Statement.

For transfers, we will only show entitlements in this section if you have transferred or surrendered any entitlements for the following scheme year. For example, if you transferred 10 entitlements out for the 2010 scheme year, we will show these in Part B on your 2009 statement as they were available to you for 2009 and we will also show them as 'transfers out' in Part C.

Where we show a transfer on your statement we will show the transfer reference number to help you identify it.

(Continues on page 8).

D. Sample Entitlements Statement

We have given an explanation of Part A on page 2.

We have given an explanation of Part B on page 2.

This shows the total value of your entitlements, it does not mean this is what you will be paid.

These show the region within England that your entitlements are in.

Single Payment Scheme 2009
Entitlements Statement

A FARMER
A FARM
ANYTOWN
ANYCOUNTY
AA1 Z90

barcode barcode barcode barcode

Part A: Customer Details

SBI: 987654321
Name of business: A FARMER

Part B: Entitlements for scheme year 2009

Total entitlements value: £37,748.80
Total entitlements quantity: 120.00

	Entitlement block ID	Quantity
Non-SDA		
Normal	12345678	100.00
Normal	23456789	20.00
		120.00

Part C: Entitlements changes completed

	Entitlement block ID	Effect
Transfer Reference:	12345678901	Effect
Non-SDA		
Normal	23456789	
Transfer Reference:	12345678902	Effect
Non-SDA		
Normal	98765432	

New Entitlements:

Non-SDA		
Normal	54321098	

Notes

1. This shows your latest entitlements position for the scheme year.
2. The values shown apply before any penalties or modulation are applied.
3. The exchange rate from Euros (€) to Sterling (£) for SP5 2009 is 1.00.
4. All claim calculations are made in Euros, but where you have a final payment calculation, Sterling conversions are shown on the final payment calculation. Sterling conversions are shown on the final payment calculation.
5. The details in this entitlements statement will form part of your application and SP5 application form carefully. If the information is not correct, please contact the relevant authority.

barcode barcode 987654321 001 of 00



Date: 02 November 2009

09

Unit value (€)	Unit value (£)	Use by scheme year	Subtotal (£)
377.05	342.85	2011	34,285.00
190.47	173.19	2011	3,463.80
			<u>37,748.80</u>

Here we show the Sterling value of a single entitlement within that block of entitlements.

We have given an explanation of Part C on page 5.

Direction of transfer	Quantity	Use by scheme year
Out	20.00	2011
In	10.00	2011
Established	20.00	2011

This shows when the entitlement block must be used by. Read section I for more information.

These show the type of entitlement. From 2009 this will be Normal or Special. Set-aside and National Reserve entitlements have been changed to Normal entitlements.

Year specified on the front of this statement.
 are deducted.
 is 0.90930.
 requested to be paid in Sterling your claim will be converted after the
 this statement for information only. Slight rounding variations may
 our SPS claim. You should read the instructions in the application pack
 direct please contact us on 0845 6037777.

Individual lines may be affected by some slight rounding differences.

We will send an Entitlements Statement to both the transferor and the transferee when we have completed the transfer of each RLE 1. This will show your new entitlements position and you may want to refer to this when you make any future claims or transfers. If you are mid way through a string transfer you may receive additional statements, as you are both transferor and transferee in this case.

New entitlements

We will only show this new entitlements section on your 2009 Entitlements Statement.

If you applied on an *Application to establish new entitlements* form (SP20) for new entitlements for permanent fruit and vegetables, nursery crops or vines, and we allocated these entitlements to you, we will show them in Part C. You can use them from the 2010 scheme year. If you did not apply for new entitlements or you were not successful in your application, we will show 'N/A' in Part C under 'New entitlements'.

E. What happens after I receive my Entitlements Statement?

We will send you an Entitlements Statement and confirmation that we have made a transfer or surrender after we have revalued all entitlements for the scheme year. When we have revalued your entitlements and processed your claim we will be able to pay you if you have activated your entitlements and met the scheme rules. To activate your entitlements you had to claim against a hectare of eligible land for each entitlement you held on 15 May.

In some cases we will pay you before we send your Entitlements Statement. At the same time as we pay you, we send you a remittance advice showing you the amount of your Single Payment. Within 10 working days of making your payment we will send your Claim Statement. This statement will give you details on how we have calculated your payment.

Unless you have told us that you want to be paid in Euros, we will make your payment in Sterling. We convert from Euros at an exchange rate set on the last working day of September for the scheme year. We give details of the exchange rate we have used in the Notes section on your Entitlements Statement.

We will apply European and National modulation to payments and, where they apply, any other reductions such as penalties.

Your Entitlements Statement will form part of your application for the next

scheme year so it is important that you check it is correct. If you think it is wrong, write to us giving full details of why you think it is wrong. You should note that Article 137 of Council Regulation 73/2009 limits the types of corrections to your entitlements we can make after 31 December 2009. Send your letter to the address shown in section J of this guidance. Give your SBI, name of business and scheme year.

We also send you an Entitlements Statement to confirm that we have completed a transfer of entitlements.

F. Changes to the number of entitlements

In a few cases we may show a different number of entitlements on your 2009 Entitlements Statement than in your 2005 to 2008 statements. This could be for any of the following reasons:

- you chose to transfer entitlements in or out of your business;
- you have lost all or part of your entitlements because you have not met the relevant rules on how to use them as explained in the relevant Single Payment Scheme handbook and guidance; or
- we have made corrections.

G. Developing entitlement values

For English entitlements the unit value will be the combined value of the area flat rate for the scheme year and, if it applies, any reference amount. We have shown the proportions of the total Single Payment Scheme funds used for the flat rate and historic elements:

Year	2005	2006	2007	2008	2009	2010	2011	2012
Flat rate %	10	15	30	45	60	75	90	100
Historic %	90	85	70	55	40	25	10	0

Sugar

From the 2007 scheme year onwards, we have included sugar funding in the entitlement value which we show on your statement and, where activated, we will include it in your Single Payment. (In 2006 we calculated the additions to the entitlement values for sugar reference amounts using a claimant's contracted sugar tonnage and we paid these separately.) Each year up until 2012, we will adjust the value of entitlements which have a sugar reference amount. This adjustment takes account of the funding available in each year, some of which we will use to fund the flat rate element of all Single Payment Scheme entitlements

and some to fund sugar reference amounts.

You can use the following figures to check the value of your entitlements:

Scheme year	Region	Flat rate (€)	Reduction factor	Sugar tonnage rate (where it applies) (€)
2005	Non-SDA	28.20		
	SDA	23.59	0.8578711	N/A
	SDA Moorland	3.36		
2006	Non-SDA	45.92	0.9362356601	9.71
	SDA	38.02	0.9372378661	Separate payment made in 2006
	SDA Moorland	6.48	0.9217465831	
2007	Non-SDA	95.13	0.8224050932	9.50331
	SDA	76.98	0.8217647726	N/A
	SDA Moorland	13.40	0.8188342677	N/A
2008	Non-SDA	141.93	0.7875675861	10.376042
	SDA	116.21	0.7835710360	N/A
	SDA Moorland	20.53	0.7786558592	N/A
2009	Non-SDA	190.47	0.7234699423	10.256098
	SDA	156.09	0.7229429055	N/A
	SDA Moorland	27.37	0.7273821633	N/A

Each year we reduce the previous year's historic element by applying a reduction factor. In 2005 this factor was the same for all three English regions, but for 2006 onwards each region has its own unique rate and factor.

H. Entitlements calculation

In this example we have used figures for the 2009 scheme year. To check other scheme years, you will need to use the information for each scheme year, change the figures (a, b, c, d, e, f) in the following calculations, and use the information in your previous scheme year's Entitlement Statement.

In this section we show how the value of some entitlements can change.

This is an example of a simple case for the 2009 scheme year only.

We have based entitlement values on a flat rate and some have a historic top up element. This historic element, if it applies, is based on historic subsidy claims (Historic Reference Amount), the 2004/05 dairy quota (Dairy Reference

Amount), any English Reserve allocation, and the 2005/06 contracted sugar tonnage. Each year the flat rate increases and the historic element decreases (read section G for more information).

In this example, the initial (2008) entitlement is worth €400.00 in the 'Non-SDA' region (a), and is the combination of a €141.93 flat rate (b) and a €258.07 historic element (c). The flat rate for the following (2009) year in the Non-SDA region (d) is €190.47 and the 'reduction factor' to the historic element (e) is 0.723 (shown to 3 significant figures). The second entitlement block is made up of a flat rate only.

2008 Entitlements Statement shows:

English Area: Non-SDA

	Entitlement block ID	Quantity	Unit Value (€)	Unit Value (£)	Subtotal (£)
Normal	12345678	100.00	400.00	316.12	31,612.00
Normal	23456789	20.00	141.93	112.17	2,243.40

2008 SPS exchange rate €1.00 = £0.79030

2008 'Non-SDA' region flat rate (b) €141.93

2008 historic element (a - b) = (c) €258.07

2008 entitlements in the 'Non-SDA' region (a) €400.00

2009 SPS exchange rate €1.00 = £0.90930

2009 'Non-SDA' region flat rate (d) €190.47

2009 reduction factor (e) 0.723

2009 historic element (c x e) = (f) €186.58

2009 entitlements in the 'Non-SDA' region (d + f) €190.47 + €186.58 = €377.05

2009 Entitlements Statement shows:

English Area: Non-SDA

	Entitlement block ID	Quantity	Unit Value (€)	Unit Value (£)	Subtotal (£)
Normal	12345678	100	377.05	342.85	34,285.00
Normal	23456789	20	190.47	173.19	3,463.80

In this example we have not included any transfers of entitlements or sugar tonnage. This is not the amount of Single Payment that we will pay you (read section E for more information). We have placed detailed electronic

entitlements calculators for each of the scheme years on our website (www.rpa.gov.uk). Follow the link on the homepage to the 'Entitlements' section.

You can use these figures for the calculation of 2009 entitlements only. For other scheme years, the calculation will be similar, but you need to use the different flat rates and reduction factors for that scheme year.

I. Expiry of entitlements

The rules on the expiry of entitlements are changing. We have listed some information below to help you understand some of the current rules on how to use your entitlements:

- Under current Single Payment Scheme rules, if you have an entitlement which has not been used (claimed on) for three years it will expire and we will withdraw it from you and return it to the National Reserve. For 2010 these rules will change so that you have to use an entitlement once every two years. However, an entitlement which was last activated in 2007 will not be lost to the National Reserve as long as you activate it for payment in 2010. This is shown in the table below:

3 year usage rule			2 year usage rule	
2007	2008	2009	2010	2011
Used	Used	Used	Not used	Must use to keep
Used	Used	Not used	Must use to keep	Expires if not used in 2010
Used	Not used	Not used	Must use to keep	Expires if not used in 2010
Not used	Not used	Not used	Expires	N/A

- The only exception to this is when a successful appeal is raised on the grounds of force majeure or exceptional circumstances, this must have been submitted to us within 10 working days of the date on which you were in a position to do so.
- You can rotate entitlements to make sure that they are used at least once in the usage period, but you can only use them in the region of England where they were allocated.
- We list the use by date for each entitlement block on your Entitlements Statement. This is the latest scheme year by which you must activate the entitlements to avoid losing them to the National Reserve.

J. Contacting us

If you have any questions about this guidance or your statement, please read the Entitlements section on our website at www.rpa.gov.uk, or contact our Customer Service Centre. It is open from 8.30am to 5.00pm, Monday to Friday. We will ask for your SBI when you call.

Customer Service Centre: 0845 603 7777

E-mail address: csc@rpa.gsi.gov.uk

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

Give your SBI, name of business and scheme year in any correspondence.

RPA - SP19
Version 1.0
November 2009
© Crown copyright 2009
Produced by Rural Payments Agency.
www.rpa.gov.uk
Printed in UK, on material that contains 100% recycled fibre.



Corporate member of
Plain English Campaign.
Committed to clearer communication.

217