

7TH APRIL – ENGLISH 2017 BPS ENTITLEMENT AND CLAIM UPDATE

Contents

1. English entitlement market
2. Glitches with RPA online transfer system
3. BPS claim mapping problems
4. Links

1. ENGLISH ENTITLEMENT MARKET

2016 and 2017 (to date) Non-SDA VAT registered sales of >10 ha



As we head into the last five weeks of entitlement trading we are seeing Non-SDA prices hitting historic lows (apart from in 2015) with the number of hectares traded to the end of March this year 23% down from last year. At the end of March, as can be seen from the graph above, prices were at just under £170/ha compared with £200/ha last year. As we hit what is normally a rollercoaster period up to the deadline the question is whether prices will remain at this subdued level until the 15th May. In the last five weeks of trading we would normally agree sales for double the amount of units already traded in that scheme year, which started for 2017 at the beginning of October 2016. Therefore there could still be a lot of deals to be done and as with any digital improvements people are aware transfers can be done online right up to the 15th May, and so tend to leave things closer and closer to the deadline. The ability to submit a claim and transfer entitlements at the press of a button has taken away a lot of the risks of submitting paper applications to a series of set locations around the country. For those who have not had first hand problems with the online system (see below) this can only encourage a more relaxed approach as to when to calculate a claim and what entitlements need to be bought or sold.

Alternatively the currently low price could be attributed to the change in sentiment following the Brexit vote, with uncertainty as to whether payments will continue after two or three years. The now extraordinarily good

economic return, based on current exchange rates (€1 = £0.86), sees an investment in entitlements being paid back in nine or ten months and also delivering a 33% profit, has not so far lifted the “Brexit gloom” surrounding the entitlement market. Obviously anything can happen to exchange rates, especially with what is going on in Europe, but those that have excess land will be pushing hard to ensure they have the right number of entitlements before the 15th May.

As in previous years, the price of SDA entitlements has fared better than the Non-SDA market retaining a price between £190 and £220, with more demand than supply. Moorland likewise is in great demand selling at between £55 and £70 per hectare with a likely spike expected towards the end as competition will increase for a purchase from anyone who has any excess available. As usual most small-sized lots are obtaining a premium.

2. GLITCHES WITH RPA ONLINE TRANSFER SYSTEM

Post Payment Amendments (PPA) – Effect on Entitlements Held

Vendor's should be aware that, if they have not yet been paid in full for their 2015 or 2016 BPS claims, or they have raised any queries about previous payments that has caused the RPA to put their 2015 and/or 2016 BPS claims into their Post Payment Amendment (PPA) checking process, the balance of the entitlements held may be marked “not confirmed” on the SBI number. This will mean the number of entitlements held may change once the PPA process is complete, and will also mean that a transfer of any entitlements cannot be confirmed by the RPA until any adjustments/amendments are completed. You will still be able to sell entitlements, and we can submit an online entitlement transfer request, but vendors should be aware that we would not be able to send any sale proceeds or issue VAT receipts to purchasers until the RPA confirm the transfer in writing, which would not be until the PPA process has completed.

Query over entitlements showing a 2016 use by date on the transfer screen

The RPA online entitlements screen has been updated this year, and when a farmer clicks “view entitlements” on his business details, they have an option to view the entitlement situation in 2015, 2016 or 2017 to see what entitlements they have/had available to use in that scheme year. There are no use by dates showing on these screens, as specific entitlements themselves are not supposed to have a “use by” date any more, instead the use by rules are connected to the SBI number of a farming business, which must claim on all its held entitlements once every two years. However we have come across a number of instances where, when you are on the transfer entitlements screen, some or all of the 2017 entitlements supposedly available to transfer are displaying a 2016 use by date.

We have discussed this query now a number of times with the RPA and in at least one instance were told on the telephone that, if the entitlements were showing as available for 2017, then regardless of the use by date showing, they are available to transfer. Conversely the RPA has also advised us that entitlements which display a use by date of 2016 are those which the system is showing as unused in 2015, and state that in this scenario unused entitlements cannot be used in an entitlements transfer in 2016 or later. They have also said that there are cases where the entitlements on the system are showing the incorrect use by date, and said that cases like these may be being processed through Post Payment Amendments (PPA). In this scenario the correct use by date would therefore not show until the PPA process is completed.

However we have also come across a number of cases where we have transferred entitlements which are displaying a 2016 use by date, and these transfers have now been confirmed as being completed (not only on the automatic messaging system, but also via a further manual double-check with the RPA), including specifically confirming that the transferred entitlements are available for the transferee to use in 2017.

We are seeking further clarification from the RPA, but it does appear that this is another glitch in the system, and we would recommend all agents/businesses transferring entitlements to look carefully at the use by dates that you will see on the transfer entitlements screen, and to seek further written confirmation from the RPA if the confirmation of transfer message refers to a 2016 use by date and also first to make sure the transferor is happy they have the entitlements whatever the on screen system is saying.

3. 2017 BPS CLAIMS – IMPORTANT TO CHECK LAND PARCELS FOLLOWING UNEXPECTED RPA SATELLITE INSPECTIONS AND MAPPING CHANGES

As the application window for BPS claims has now opened, it is important that farmers and agents alike ensure that the claim they submit reflects exactly what is taking place on the ground. Large areas of the South West have been re-mapped by the RPA as part of the ongoing national re-mapping programme. This re-mapping has used satellite imagery to determine boundary locations and permanent ineligible features. As a result of this, claimants will notice that parcel sizes and eligible areas will have changed from last year. Although these changes are unlikely to be substantial, it is important that the claimant or agent fully inspects the up-to-date RPA plans and the supporting land use table, making sure that the information held by the RPA represents exactly the situation on the ground as at the 15th May. The previous mapping data held by the RPA, including RLE1 changes that had been submitted in previous claim year, appears to have been eradicated from the online system. This means that where farmers have previously made notional deductions to the eligible area of a field, or have marked features that are not visible from satellites, the information has been lost and must subsequently be re-submitted to the RPA for the mapping data to be manually updated once more.



It is important therefore that everyone involved in the preparation and submission of a 2017 BPS claim should look out for these changes on the pre-populated data and cross-reference this with previous claims to establish what information the RPA hold. With just over a month left until the 15th May deadline, it is unlikely that any mapping data changes submitted to the RPA with an RLE1 form will be processed and loaded onto the online

system before the 15th May deadline. It is therefore advised that as much information as possible is gathered and submitted to the RPA as supporting evidence of any mapping changes that you wish to make.

Unfortunately the teething problems experienced in the first two years of the scheme appear not to have been addressed, making a complicated process even more complex. There is no substitute for rigorous double checking and record keeping to ensure the information submitted is precise.

4. LINKS

[UK 2016 Market Report](#); [UK BPS Regional Comparison Fact Sheet](#); [How to authorise us as your agent online](#); [Current entitlements available](#); [Current entitlements wanted](#); [Desktop English BPS payment card 2016](#); [How to order UK BPS Entitlements – User Guide](#); [January – UK 2017 BPS Entitlement Update](#); [March 2017 BPS Entitlement Update](#); [15th March – UK 2017 BPS Entitlement Update](#); [30th March – Agent/Farm Consultant UK 2017 BPS Entitlement Update](#)

TOWNSEND CHARTERED SURVEYORS



Hugh Townsend
FRICS. FCI Arb. FAAV.



Dominic Rees
BSc (Hons).



Julia Clark
BA (Hons).



Kathy Dean



Matford Centre, Matford Park Road, Exeter, EX2 8FD
Tel: 01392 823935 Fax: 01392 823938
[www.townsendcharteredsurveyors.co.uk](http://www.townsendcharteredurveyors.co.uk)



UK BPS ENTITLEMENTS – USER GUIDE Townsend & Clark – The first definitive user guide available for £40 – [click here](#) for more details

LAND AGENTS VALUERS ESTATE AGENTS AUCTIONEERS ARBITRATORS QUOTA AGENTS

H McC TOWNSEND FRICS. FCI Arb. FAAV *Assistant Land Agent* D REES BSc(Hons) *Office Manager* MRS J CLARK BA(Hons) *Office Assistant* MRS K DEAN

farm & estate management day-to-day management & consultancy for farms, forestry, land & estates. **property agency** sale and purchase of houses & country houses, farms, land, estates, cottages, barns, smallholdings, equestrian property; lettings & management; grass & land lets; development land. **professional services** farm & rural business consultancy; Basic Payment Scheme; Stewardship schemes; landlord/tenant negotiations; diversification; rent reviews; ASTs & FBTs; partnership insurance; dispute resolution, mediation, arbitration, expert witness & advocacy; telecoms, compulsory purchase, pipeline and easement claims, & wayleaves. **renewables** anaerobic digestion; energy crops; biomass/estate heating; hydropower; income from renewables; on-shore wind & solar. **farm quota** entitlements; water abstraction licences; carbon trading, credits & emissions allowances. **planning & development** advice & applications; agricultural need assessments; appeals; design & drawings; development & development land advice. **valuations** surveys and valuations for property, IHT, CGT & probate. **sporting** sporting agency & licences.

This message is confidential. It may not be disclosed to, or used by, anyone other than the addressee. If you receive this message in error, please advise us immediately. Internet e-mails are not necessarily secure. Townsend Chartered Surveyors does not accept responsibility for any changes to any e-mail

which occur after the e-mail has been sent. Attachments to this e-mail may contain software viruses which could damage your systems. Townsend Chartered Surveyors have checked the attachments for viruses before sending, but you should virus-check them before opening.

VAT is payable on Entitlements traded (sold or leased) without land, unless the seller/lessor is non-VAT registered. Unless otherwise stated all the above entitlements are offered for sale/lease without land and VAT will be due on the price agreed. The entitlements listed above are offered subject to documentation/contract/submission. ● Please note we also only act on a subject to contract/documentation basis when buying or leasing Entitlements for our clients. We do not enter into oral contracts on behalf of any of our clients. Entitlements listed may include lots offered by other agents where prices quoted would include an introductory commission payable to Townsend Chartered Surveyors. ● The usage rule: farmers must use all their entitlements in a single application at least once every two years, otherwise the unused entitlements will be lost to the National Reserve. ● The 2015 BPS payment in England, including the greening value and FDM, was €244.57 (£178.85) for Non-SDA, €242.81 (£177.56) for SDA and €64.15 (£46.91) for SDA Moorland. The 2015 exchange rate was £0.73129. In 2015 the implementation of the Financial Discipline was confirmed as a reduction of 1.393041% on payments above €2,000. The 2016 implementation has not been announced (as at October 2016). The 2016 exchange rate has been set at €1 = £0.85228 (announced 30.09.16). ● The minimum claim size is five hectares. ● Entitlement transferees are subject to an Active Farmer Test, as are claimants. Therefore transferees and claimants should ensure they are eligible to transfer/claim before arranging entitlement transfers or leasing of entitlements. You do not need to be an active farmer to transfer out or lease out entitlements. ● Unless specifically instructed in writing we are unable to provide advice in respect to the Basic Payment Scheme or any other schemes under the Common Agricultural Policy of the European Union, especially how they may affect a particular vendor's or purchaser's eligibility for the Basic Payment Scheme. Any such comments or statements made by Townsend Chartered Surveyors verbally during the process of buying, selling or leasing entitlements, or otherwise cannot be relied upon unless such advice is provided in writing following receipt of written instructions for Townsend Chartered Surveyors to provide such advice. Any such oral comments or statements do not form part of our entitlement agency instructions or any transfer contracts. ● Townsend Chartered Surveyors cannot be held responsible for any quotes, prices, rates or advice given in light of any future Common Agricultural Policy reform, which is subject to approval from the European Parliament and Implementation Regulations.