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AGRI-BIP NEWSLETTER

Some Single Farm Payment Thoughts

We have now had a longer time to examine the amended proposals as to how the new Single Farm Payment (SFP) entitlements will operate.

There are some various broad conclusions that can already be drawn:

- In general terms sheep and arable cropping will benefit from a slight increase in subsidy payments.
- In general terms there will be a movement of overall subsidy payments away from the western side of the country towards the eastern side of the country.
- In general terms beef production will lose in overall subsidy payments – and lose heavily for intensive beef producers.
- Dairy farmers will be net losers if they are in any way intensive or high production capacity.

The proposals that have been put forward for a review of the flat rate payment levels within the SDA areas of England (which propose a flat rate area payment for SDA area and a separate flat rate area payment for the moorland area – without affecting the lowland payment rates) should have considerable financial benefits for the South West if accepted by DEFRA. We look forward to an early decision.

The cross compliance proposals that will be part and parcel of SFP (the requirement to maintain the land farmed in good agricultural and environmental condition) are now open for consultation (31st March) and can be found through the DEFRA website. The consultation period will be for 12 weeks, therefore do not expect total clarification until late July at the earliest. A quick scan of the consultation document does not appear to throw up any great requirements over and above those that currently apply to those farmers who claim through the subsidy systems (such as the requirement to comply with the codes of good practice for soil, water and air, compliance with control of noxious weeds, etc.) with the notable exception for a proposal to have a soil management plan for the farm. Other areas up for discussion include the protection for permanent pasture (proposal to allow reseeding if retained as permanent pasture, subject to environmental impact assessment), hedgerow trimming date restrictions, under and over grazing conditions for moorland etc, set-aside management and management of land “not wholly in agricultural production”.

The latest indications on set-aside and temporary grassland are that reseeded leys will be considered as to be classified as permanent grass and therefore not have a set-aside requirement. However grassland that is part of an arable rotation will have a set-aside requirement (but the definition of an arable rotation is still awaited).

I should point out that the above information has not been confirmed by DEFRA but are current interpretations in the implementation regulations of the SFP.

Adapting to Life with the Single Farm Payment

Every farmer will be affected by the consequences of the changes to the CAP and the creation of the single farm payment. In order for your farm business to start the planning process we are able to offer a service showing the single farm payment that you should be due to receive.

We have already worked with many farmers to begin to examine the impact in their own farm situations. You will find enclosed with this newsletter a form which is headed - CAP Mid Term Review Calculation Form. If you would like us to calculate the single farm payment entitlement for your farm then just complete and return the form to ourselves (using the Freepost address) when we will carry out the necessary calculation. The calculations will demonstrate the single farm payment that you will be due to receive and how they will alter over the next few years.

The form is not too complicated to complete requiring only the following:

- The acreage of arable aided crops grown during the years 2000, 2001 and 2002
- The number (i.e. headage) of livestock claims submitted during the year 2000, 2001 and 2002
- The amount of milk quota level held on 31/3/2004 and 31/3/2005
- The area of land expected to be farmed in 2005.

From this information we will be able to carry out the calculations and then subsequently if you so wish we can work with you to begin to budget and forward plan for the future.

Some of the more immediate implications that come to mind include the cash flow effect upon farm businesses. The payments for calendar year 2004 will be predominantly paid during autumn of 2004 with the final top-up payments for beef livestock schemes being due in the spring of 2005. The payment window for the single farm payments extends from December 2005 to June 2006. If you take into consideration the massive changes which are happening to the subsidy calculation system then it is highly likely that it will take a considerable amount of time for DEFRA to put it all in place. It is therefore highly likely that the single farm payment will be made towards the end of that payment window, i.e. it will be spring/early summer of 2006 that the cash will actually hit your bank account. This will give significant cash flow implications for the business and may also create a tax liability again prior to the cash hitting your bank account.

Bye Bye Christine

It is with some regret that I write to announce that Christine Malseed is leaving the Agri-BIP. She and Mike have developed their home farm business over the past few years and the continued expansion in farm size and enterprise complexity together with a growing family (4 currently!) means that Christine has decided that demands placed upon her have become too great in order for her to carry out her work at Agri-BIP and her work on the farm to the level of competence that she would like. Therefore, regretfully (from our point of view), she has decided that she needs to stop working for ourselves and spend more time within her home farm business and with the family.

We wish Christine well in the future and thank her for the hard work and diligence that she has shown both to ourselves and to our clients over the past few years.

We will, of course, continue to work with any clients that Christine has worked with in the past.

Just call us on 0800 592872.

Payments for Tax Forms

The Inland Revenue have a stated intention of moving all their income tax return information to electronic format over the next decade. In order to promote the take up of using the internet to submit forms to the Inland Revenue by small businesses there will be payments made over the next few years of up to £600 for those businesses who do submit their tax returns electronically.

Congratulations

We at Agri-BIP are very pleased to congratulate Rachel Francis of Belstone on completing her Introductory Certificate for 1st Line Management. She will shortly be receiving her certificate from the Institute of Leadership and Management.

Rachel has worked on this course over the last 2 months and is one of the first in the country to complete it, so well done Rachel. You will be able to read what she has to say about the course and how it has helped her in next month's newsletter.

However if you are interested in this qualification (or others) please contact Tim Drew on 0800 592872.

DEFRA - Rural Funding Consultation

DEFRA have launched a consultation document to obtain thoughts on how to simplify the application process and the allocation of grants.

The stated aims of the review on rural funding are:

- Identify how to make funding flows and grants consistently simple to access and be used by their (DEFRA's) customers
- Reduce the number of schemes and simplify administrative arrangements
- Improve value for taxpayers money
- Chart how to devolve DEFRA and DEFRA sponsored funding programmes regionally and locally
- Ensure that funding targets DEFRA's strategic objectives.

The consultation papers can be found on the DEFRA website at www.defra.gov.uk./rural/ruraldelivery/funding/feedback.htm

Courses and Events

Following last months article in the newsletter we have had a large increase in demand for training. Listed below are a number of events which we have planned for the next two months.

I would like to thank Liz Priest from Devon YFC who has been working with us to organise a number of events over the past months.

If you are interested in any of them or any other training you need then please call Tim Drew on 0800592872.

(Sorry but most of this training is only funded for farmers in Devon, but call to Check)

Date	Duration	Course Title	Venue	
1 st April	1 day	A T V	Tavistock	Full
April – May	4 x 1 day	Sage Accounts Package	South Hams	Spaces
14 th April	1 day	Introduction to computers & word processing	North Devon	Spaces
14 th April	Evening	WiRE – Networking event	Bideford	Spaces
21 st April	1 day	Spreadsheets	North Devon	Spaces
26 th April	1 day	A T V	Tavistock	Full
28 th April	1 day	Desk top publishing	North Devon	Spaces
28 th April	1 day	WiRE – Business planning	North Devon	Spaces
5 th May	1 day	Database	North Devon	Spaces
TBC	3 day	A I training	TBC	Spaces
TBC	1 day	Strained Wire Fencing	TBC – North Devon	Spaces
TBC	1 day	Marketing your products	TBC	Spaces
TBC	1 day	Telescopic Handlers	TBC – South Hams	Spaces
TBC	1 day	Mig Welding	Dutchy College	Spaces
TBC	1 day	Arc Welding	Dutchy College	Spaces
Soon	10 x 1 day	Butchery	Dupath Farm	Spaces
	35 hours	1 st Line Management Course	At your home	Spaces

Other training available on request	
Introduction to computers	Word Processing
Spreadsheets	Internet and Email
Sage Book keeping	Marketing
Basic Health and Safety	COSHH
Basic Food Hygiene	Risk Assessment
Manual Handling	HACCP
N V Z Training	

Check our web site
www.bipwestdevon.biz for
information on training

Business Rates and Their Relevance to Farmers and Their Diversified Businesses

In light of the expanded interest in diversifying away from farming into many varied differing enterprises. This article is intended to review the current situation and to make farmers aware of their business rate liability when they move away from farming.

As a general principle agriculture farming is exempt from business rates, but non farming enterprises would have a liability for business rates.

- The Rateable value is the Valuation Officer's opinion of the potential income achievable if the property were to be rented out.

e.g.:	Farm Shops	Between £2,000 and £4,000 p.a.
	Light Industrial or storage	£1 to £2 p.s.f.
	Offices	£5 to £10 p.s.f.
	8 Stables, storage area and indoor sand school	About £5,000 p.a.

- The Rateable Value is multiplied by "The Uniform Business Rate", currently 44.4p in the £.
- The Charge is payable by the occupier; where this is the owner, he is deemed to be the rateable occupier.
- Every commercial property in the UK is re-valued every five years.
- Exceptions:-
 1. B&B - You can have B&B in up to six bedrooms in the main farmhouse without seeking planning permission, but any above 3 could be liable to business rates.
 2. Self Catering Cottages - Under 140 days occupancy, attracts Council Tax, over 140 days, attracts Business Rates.
 3. Farm Shops - only selling home grown produce are exempt. Where the shop sells bought-in produce, and they have a Rateable Value of less than £6,000, a 50% 'Rural Property Relief' is granted.
 4. Barn Conversions with an industrial or business use attracts Business Rates.
 5. Horse Livery run as a business enterprise will attract Business Rates.
 6. Farm Parks, Theme Parks, etc. are liable.
 7. Market Gardens and Plant Nurseries are exempt.
 8. Empty Property Relief. Available where your workshop or storage barn remains vacant. 50% relief available for three months where Offices remain vacant.
- Farm Diversification Relief - This exemption was introduced after Foot-and-Mouth disease struck in 2001. If a converted building was used for agricultural purposes for at least six months during the 12 month period starting on August 15th 2001 and it has a rateable value of less than £6,000 there will be a 50% rate relief for five years.
- If a business has been run for some time in a premises which should have been assessed for Business Rates, but the authorities were unaware, the Valuation Office can only reassess for a maximum of 12 months prior to its discovery.

The above article has been prepared by Barry Butler who is regularly available to provide further detailed clarification if required.

DISCLAIMER

Every effort has been taken to ensure the information contained in these notes is correct, however, West Devon Business Information Point will not be liable for any loss arising from the use of these notes or any omissions or errors contained within.

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