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AGRI-BIP NEWSLETTER

SINGLE PAYMENT SCHEME UPDATE

Just an aside, but it is interesting to see, that over recent months the Single Farm Payment has become the Single Payment Scheme. Just a little omission, of the word "Farm" but one that perhaps gives a clue to the future place of agriculture and might mean that when the scheme comes to an end in 2012 there is less chance for a continuation, but who knows without a crystal ball!

A number of details have been clarified over the last month, including the addition of the eligibility of land grazed by horses to receive payment of the Single Payment Scheme. The requirements are that the area that is used for grazing horses would need to have a holding number (if it is not part of a larger holding), which the minimum size is 0.3 hectare. Applicants will need to comply with cross compliance regulations.

The cross compliance rules regarding hedgerows and ditches i.e. the 2-metre rule, is not going to be imposed upon fields smaller than 2 hectares. This will allow farmers with small fields to avoid the restrictions compared with larger fields. At the same time, where new hedges have been planted after 1st January 2005, they will not require a buffer zone for their first 5 years. This will mean that weed control can take place to allow the hedges to establish in the early years.

On orchards, there has been some confusion as to their eligibility under the Single Payment Scheme. It has been decided that where an orchard can also be used for grazing, the land will be eligible for the Single Payment. Existing EU guidance says that 50 trees per hectare would allow an orchard to be grazed, as well as for the production of apples. Defra will be refining their guidelines for eligibility in terms of the types of trees, the circumference of the trees, their spacing and the extent of ground cover underneath those trees. Further details are awaited.

Details on the inspection procedures and enforcement of cross compliance have been issued and it appears that wherever possible, Defra will work with other agencies that are already working with farmers, to develop the inspection regime. For example, where the Environment Agency is inspecting a farm for NVZ compliance, they will extend the inspection to cover cross compliance standards on that holding. This will mean that in some cases inspection rates will be higher than the minimum 1% required under the EU rules.

Some more details have emerged regarding the National Reserve. It has been agreed that the transfer of entitlements in future years will not be subject to a siphon. It is the value of the historic entitlement that was under threat from siphon when trading of entitlements commences in the new scheme. It was also possible that where farmers have sold or leased their land prior to the 15th May 2004 and have historic rights to entitlements, that part of those entitlements would be subject to what is known as "the historic siphon". Again the U.K. ministers have decided that they will not use this method to supply the National Reserve.

(Continued overleaf)

Therefore, the supply of entitlements to the National Reserve will solely come from the reduction of all reference amounts at the beginning of the Single Payment Scheme. As you are aware, this has been set at a rate of 3%. This does mean that although it is agreed to be 3% it is possible when the demand on the National Reserve is known, that the 3% could be increased in order to supply the appropriate amounts for the National Reserve. Who will be entitled to receive payments or allocations from the National Reserve? There are four main categories; where a farmer is farming land where a previous farmer retired or died before the beginning of the Single Payment Scheme, shall be entitled to receive an allocation from the National Reserve.

Those farmers who qualify will have their entitlements valued at the appropriate regional average. The second category is regarding farmers who have made investments in production capacity or purchased land, prior to 15th May 2004. In accordance with the details set out in the regulations, they will receive allocations from the National Reserve.

Thirdly, where farmers have leased land between the end of the reference period 2002 and 15th May 2004 for a time not shorter than 6 years, they are entitled to receive an allocation from the National Reserve valued at the appropriate regional average. Finally, where farmers have participated during the reference period and before the 15th May 2004 in national programmes of reorientation of production i.e. participants in the Agri Environment Schemes and the Energy Crop Schemes, they will also be entitled to an allocation from the National Reserve.

I suspect that allocations for the first, third and final categories will be reasonably straightforward. However, for people that have made investments in production, those with the strongest cases will gain from the reserve. To make a strong case I am sure that evidence will be important, business plans, correspondence with banks, support from your accountant. If you have received support from Agri-BIP when making changes to the farm business it may be that we hold some evidence in writing that could support your case, if you think this is relevant to you, please contact us. Although the dates for applications to the reserve have not been published I would rather people spoke to us earlier rather than later, I suspect we may be rather busy!

**Stewart Horne
Manager**

Beef and Sheep On-Farm Open Events

With the advent of the Single Payment Scheme only a month or so away, the importance of understanding your enterprise costings has never been greater.

To assist farmers with their costings and to demonstrate the advantages of knowing your costs, Agri-BIP have arranged some on-farm events to demonstrate how enterprise costings can be used on-farm to enhance the profitability of the farm business.

Held in the middle of the day, which at this time of the year, is easiest for farmers to leave their own holdings, they will comprise of a farm walk, looking at the enterprise mix on the farm together with some background information. The event will conclude with a discussion on the costings of that individual enterprise, which will be compared with national averages and top third performing businesses.

The first event at Bratton Flemming on Wednesday 8th December will concentrate on an upland sheep enterprise, which at the moment is less vulnerable to the changes than other enterprises but never the less should be an interesting day. The second event at Chumleigh on Tuesday 14th December will demonstrate both a lowland sheep and lowland beef enterprise and as an added point of interest the proprietors are moving forward by retailing their own meat product.

With the Single Farm Payment Scheme taking the pressure off producers to pile extra numbers onto the holding in order to receive subsidies, it may well be that increasing numbers of farmers will be considering an added value enterprise. This event will be an ideal opportunity to discuss the realities face to face with a couple of entrepreneurs that are working hard to add value to their production.

Both of these events will start at 11.30am and pasties will be provided for lunch. The funding package requires us to make a small charge of £10 for these workshops, for further details and to book a place please call us on **0800 592872.**

The Fallen Stock Scheme

The long awaited Fallen Stock Scheme was opened on the 22nd November.

The arrangements are different from those originally proposed, in that the scheme will be run by a “not for profit limited by guarantee” company that is part owned by Defra at the moment but in the long run will be taken over by the livestock industry. The reason for the scheme is to ensure that livestock farmers are complying with the ban on burying fallen stock on farm land and enables the Government to provide some initial subsidy to the scheme to get it up and running. Some £10,000,000 will be made available by Defra for the scheme in the first three years.

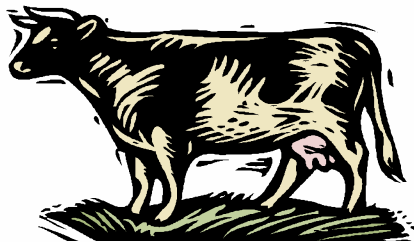
What does this mean to you as a livestock farmer? Firstly there is an annual registration fee that is set at £28 in the first year. This is for one collection point only; any additional collection points will require a further payment of £20. This registration fee is an annual payment and could be increased in future years.

Many of the current fallen stock collectors will become “Approved Collectors” and farmers will choose whom they wish to collect the fallen stock and they will be aware of the prices that those collectors will charge prior to the stock being collected.

At the time of writing it is anticipated that prices will be available from the 22nd November onwards so there is no need to join the scheme until you are aware of the prices that you are likely to be charged.

On reading of the small print it is clear that the “Approved Collectors”, who can operate both within the scheme and outside of the scheme, cannot undercut the prices of the Stock Scheme.

This makes deciding to join the scheme or not a more simple calculation unless of course you have a collector outside of the scheme that will continue at a competitive price.



Obviously depending upon the amount of use that you expect over a twelve-month period then you will have to make a decision as to whether it is economically viable to join the scheme. Currently there are big differences between the prices that individual collectors charge to dispose of fallen stock.

These differences are likely to continue and therefore each individual farmer will have to decide whether the cost of the annual membership plus the anticipated cost of fallen stock from their preferred supplier, less the Government subsidy, which will be 30% in the first year, does make economic sense. For small farmers, especially those with cattle, where it is less likely suffer significant losses, it may be questionable whether it is worth joining the scheme but each and every one of you will need to make that choice yourself.

Do not forget that the whole reason for the scheme is to enable farmers to comply with the on farm burial ban. No doubt the farm insurance inspectors and the demands of cross compliance will mean that records will be checked to ensure that farmers are complying with the burial ban therefore using the scheme and/or a licensed “Fallen Stock Collector” will be the evidence required to show that you are complying with the regulations that have been in force for some time.

I understand that a number of farmers are afraid that they might be locked in to the scheme once they have given over their bank details for a variable direct debit. Having spoken to the helpline, I am assured that it is your choice once you have joined the scheme whether you want to continue with it in the second, third, or subsequent years.

Be assured that having started in the first year there is no compulsion to continue your membership if changed circumstances mean that it does not make sense. I think we shall just have to wait and see how effective the scheme is. One can only hope that the scheme does not end up putting additional costs on farmers but rather becomes an efficient service that saves costs.

Computer Training Courses

We still have places available on the following courses: -

Courses	Okehampton Bridge House	North Devon The Venue Bishops Tawton	Tavistock Methodist Hall
Web Design (IT1 Web design)			Thurs 9 th Dec
Desktop publishing (IT dpt)	Tues 14 th Dec	Thurs 16 th Dec	
Spreadsheets (IT1 Spreadsheets)	Tues 7 th Dec		

If you would like more information on the above courses or you would like to book a place, please contact us in the office on **Freephone 0800 592872**.

Introduction to Computer Workshops

With the importance of accurate communications increasing all the time, we are seeing an increase in interest from farmers for the use of computers on the farm, whether it is for the transmission of data to the British Cattle Movement Service, enterprise costings, e-mails or just researching for purchases on-line. The extent of the usefulness of a computer on farm is quite often underestimated.

There was a time that to buy any type or specification of computer, you needed to spend over £1,000, those days are long gone. A recent offer from a national on-line mail order computer supplier saw a reasonably specified computer with a 17inch monitor and software available for the bargain price of £199 + VAT, that's brand new and delivered! The barrier, which was once there in terms of affordability, has now gone.

Having made the choice to purchase a computer, farmers are often faced with a bewildering choice of software, all of which is claimed to make your farm business work better and more efficiently. Again, there is a huge range from programmes costing many hundreds of pounds to simple spreadsheets, which can be downloaded for free from the internet and adapted to suit individual needs.

For those of you who are considering a) a computer purchase and / or b) trying to determine how you can use computer programmes within the business, Agri-BIP are hosting evening events where we will give you a run down of the things you should look at when purchasing a computer and secondly an overview of the choice of farm software which is available.

This event is not for the proficient user who wish to discover how to get more out of their existing software, but rather for people looking to make a choice as a first venture into computers for the farm. The programme will give a snap shot of the software that is available to assist you with your choice, which may be added to your Christmas present list for 2005.

Tuesday 14th December – 7.30pm – Millennium House, Pensilva Centre, Pensilva

Wednesday 15th December – 7.30pm – West Devon Business Information Point, Okehampton

Thursday 16th December – 7.30pm - The Venue, Bishops Tawton

The funding package requires us to make a small charge of £10 for these workshops, for further details and to book a place please call us on 0800 592872.

DISCLAIMER

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