



Government Circular No 2015/0004

AGRICULTURAL DEVELOPMENT SCHEME 2015

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Coming into operation: 1 April 2015

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PART I
General

1. Citation, commencement and aim of Scheme

- (1) This Scheme may be cited as the Agricultural Development Scheme 2015 and it replaces and consolidates the Countryside Care Scheme 2009 and shall, subject to approval by Tynwald, come into operation on 1 April 2015.
- (2) The objective of this Scheme is to create a credible, practical and effective decoupled support Scheme as the foundation for a thriving, diverse Manx agricultural industry whilst protecting the Isle of Man's landscape and natural heritage and maintaining its productive capacity.

2. Interpretation

In this Scheme the following expressions have the meanings assigned to them, unless the context requires otherwise -

"Above the Mountain Line" means all land of mountain moorland character that is at or above 200 metres altitude, plus land below 200 metres altitude, which has the same characteristics and which is contiguous with land of mountain moorland character above 200 metres or non-contiguous areas exceeding 50 acres below the 200 metre contour but of mountain moorland character. Land will be classified in accordance with the Department's "Land Classification Policy" GC No 64/08 as amended from time to time;

"active farmer" means activity as defined by Government Circular 'Definition of Active Farmer' as amended from time to time.

"aerial survey" means the aerial photographs taken on the Isle of Man in 2012 and used in conjunction with the Field Gazetteer database;

"agriculture" means the production, rearing or growing of agricultural products including harvesting, milking, breeding animals and keeping animals for farming purposes or maintaining land in good agricultural condition;

"application" means an application for payment under the Scheme and "applicant" shall be construed accordingly;

"application period" means the period from 1st April to 11th May in each Scheme year;

"area payment" means a payment to an applicant in any Scheme Year. Payment by the Department will be for eligible land meeting the standards set down in the "Cross Compliance Standards Guidance Document";

"authorised person" means a person, whether or not an officer of the Department, authorised by the Department, either generally or specifically to act in matters arising under this Scheme;

"Below the Mountain Line" means agriculturally improved land plus areas of enclosed improved or semi-improved grassland which cover more than 10 acres but which are surrounded by land of mountain moorland character. Land contiguous with that of

mountain moorland character which has 50% or more improved or semi-improved grassland or where liming or fertilising has had a significant impact on the vegetation will also be classified as Below the Mountain Line. Areas below the 200 metre contour but of mountain moorland character and less than 50 acres in extent will be considered to be Below the Mountain Line.

“control”, for the purposes of a young farmer means –

- (a) the individual making the claim must be directly exposed to (at risk of) personal financial benefit or harm resulting from success or failure of the business. A majority of shares and votes will give ‘control’ over the business;
- (b) that more than one person can ‘control’ the business if –
 - (i) there is a formal agreement between them to vote together, giving them the majority of the business votes and shares, or
 - (ii) they jointly own shares, giving them overall majority control,

but does not include organisations which do not expose the individuals directing the business to the risk detailed in (a) above. For example, charities, trusts and public bodies;

“Cross Compliance Standards Guidance Document” means GC No 62/08 which sets out the Statutory Management Requirements (SMR) and standards of Good Agricultural and Environment Condition (GAEC) issued by the Department and amended from time to time;

“Cross Compliance Penalty Document” means GC No 61/08 which sets out penalties for failure to meet Cross Compliance conditions and amended from time to time;

“Department” means the Department of Environment, Food and Agriculture;

“Disposal” in relation to land at the applicants disposal means land for which the applicant can provide a legal undertaking to manage in compliance with the conditions defined in the Scheme including the Cross Compliance Standards Guidance Document;

“Eligible Land” means an area of land as defined in the document entitled “Land Classification Policy” GC No 64/08 as amended from time to time;

“Farmers’ Handbook” means the handbook prepared by the Department and containing guidance for farmers in relation to the agricultural support and grant aid available from various initiatives including this Scheme,

“Field Gazetteer Database” means a computer record of land maps used in conjunction with photographs and indicating the field boundaries and their allocated numbers and referred to by the Department when considering claims under the Scheme;

“Historic Entitlement” means an entitlement for payment calculated by the Department based on support received by a farmer in the relevant periods and the area of eligible land farmed by the farmer as defined in Schedule 1 of the Countryside Care Scheme 2009 (superseded);

“National Reserve” means a specific element of the overall budget established to help farmers whose businesses, because of their particular circumstances, would otherwise be at a disadvantage by the implementation of the Countryside Care Scheme 2009 or this Scheme and is described in the National Reserve Policy¹ as amended from time to time;

“new entrant” has the same meaning as in the National Reserve Policy;

“Scheme year” means 1 April each year to 31 March the following year;

“Reference Period” means those periods referred to in Schedule 1 of the Countryside Care Scheme 2009 (superseded).

“Young Farmer” means someone who –

- (a) meets the conditions for eligibility under the Scheme (Part II, paragraph 3)
- (b) is at least 18 years old but who has not reached their 41st birthday or will not reach that birthday in the Scheme year in which the claim is made; and
- (c) took control of their farm business within the 5 year period before their first application under paragraph 19 or under the Countryside Care Scheme 2009.

PART II

Conditions for eligibility and applications

3. Conditions for eligibility under the Scheme

- (1) To be eligible under this Scheme the following must apply –
 - (a) From 1st April 2016 an applicant must be an active farmer;
 - (b) an applicant must have at their disposal, on 4 May in each Scheme year, the eligible land which is subject to the claim;
 - (c) all land in the Isle of Man at the applicant’s disposal on the 4th May in each Scheme year must be declared by means of a valid application; regardless of the eligibility of such land;
 - (d) an applicant under the Scheme must make a valid application to the Scheme in such form and timescale as the Department may require;
 - (e) the land must consist of at least the minimum area of 12.5 eligible acres; and
 - (f) the Department is satisfied on reasonable grounds that the land which is the subject of the claim is not materially altered from that indicated in the aerial survey.
- (2) Sub-paragraph (1)(e) above is not applicable in relation to claims made by applicants which are based on Historic Entitlements.

¹ GC 0002/13

- (3) Any land which has been the subject of an application in any Scheme year must be maintained in that condition for any future applications.
- (4) Sub-paragraphs (1)(f) and (3) are not applicable in relation to claims made where –
 - (a) works approval from the Department or planning permission has been granted;
or
 - (b) works are undertaken which to the satisfaction of the Department ameliorate any unauthorised alterations which have taken place.

4. Applications

- (1) Applications shall be –
 - (a) submitted to the Department within the specified application period;
 - (b) set out in such form as the Department may from time to time require; and
 - (c) accompanied by such details and information relating to the application as the Department requires.
- (2) Applications may be made by:
 - (a) an individual; or
 - (b) an individual on behalf of a partnership or body corporate.
- (3) An application must not be accepted by the Department unless it will result in a payment of £250 or more.
- (4) The Department may reject applications where it believes there is insufficient evidence of separate business interests between applicants, and may request further details and information to be supplied when considering applications.

5. Late applications

- (1) Applications received after the end of the application period shall be subject to the imposition of a penalty which will consist of a reduction of 1% in eligible payment for each day the application is outside the application period, up to a maximum of 28 days.
- (2) An application received after the additional 28 day period will not be eligible for payment under the Scheme.
- (3) Penalties for late submission may be adjusted and applications accepted after the application period ends if, to the satisfaction of the Department, it can be proved that circumstances beyond the control of the applicant prevented an application being made on time. Reasons for any delays must be notified to the Department in advance of the application period ending wherever possible.

6. Incomplete forms

- (1) Where an applicant has submitted an incomplete form and the Department requires additional information to progress the claim, a written request for return of that outstanding information will be made to the applicant.
- (2) A period of 10 working days from the date of the written request being posted back to the applicant will be given to allow any outstanding information to be passed to the Department.
- (3) Failure to return the outstanding information within 10 working days will result in the application being considered invalid. Any subsequent or replacement application will be subject to relevant late application penalties.
- (4) Despite sub-paragraph (3) penalties may be adjusted as provided for in paragraph 5(3).

PART III

Entry and inspection

7. Obligation to permit entry and inspection for purposes of the Scheme

- (1) An applicant shall permit any authorised person, accompanied by such other persons acting under their instructions as appear to that authorised person to be necessary for the purpose, at all reasonable times and on production of evidence of their authority, if so required, to enter upon any part of the applicant's land for the purposes of:
 - (a) inspecting all or any part of the land whether it is farmed or not farmed and which forms part of the application or is at the applicant's disposal;
 - (b) ascertaining whether the applicant has duly complied with any undertaking given by them under the Scheme; or
 - (c) determining the classification of land to which the application relates.
- (2) An applicant shall render all reasonable assistance to an authorised person in relation to the matters mentioned in sub-paragraph (1) and in particular shall, at the request of an authorised person, accompany them in making an inspection of any land and identify any area of land to which their application or undertaking relates.

PART IV

Withholding payment, penalties, review and appeals

8. Penalties for failure to meet Cross Compliance Standards

- (1) Where an applicant fails to meet the conditions set down in the Cross Compliance Standards Guidance Document¹, penalties must be applied.
- (2) Penalties in respect of failures are stipulated in the Cross Compliance Penalty Document².
- (3) In the event of exceptional circumstances, be that climatic or otherwise, the Department may suspend requirements to meet one or more Standards set down in the Cross Compliance Standards Guidance Document and any associated penalties. Circumstances would have to be serious and widespread in nature and suspensions would be applied to all Scheme applicants.
- (4) Potential applicants to the Scheme who materially alter the nature of land at their disposal in the period between the approval of the Scheme and its commencement, and do so with the intention of increasing their area of eligible land or altering the classification of land may have penalties applied to any future application under the Scheme, as set out in paragraph 8 of the Land Classification Policy³.

9. Withholding and recovery of payments, termination and exclusion

- (1) Where any applicant, with a view to obtaining a payment under this Scheme, to themselves or any other person, makes any statement or furnishes any information which is false or misleading in a material respect, the Department may withhold the whole or any part of any payment to that person or to that other person and may recover the whole or any part of any such payment already made to that person or to that other person.
- (2) Where an applicant fails, without reasonable excuse, to permit entry and inspection by an authorised person or to render all reasonable assistance to such authorised person as required by paragraph 7, the Department may withhold the whole or any part of any payment to that applicant and may recover the whole or any part of any payment already made to them.
- (3) Where the amount of land declared to be at the disposal of the applicant is found to be different from that actually declared to the Department, the penalties set down in Schedule 1 shall be applied.
- (4) Despite sub-paragraph (3), penalties may be waived in the event of multiple declarations of the same land, provided the status is subsequently resolved to the satisfaction of the Department before the end of the Scheme year in which the issue is identified.

¹ GC 62/08

² GC 61/08

³ GC 64/08

- (5) Where the Department takes any steps specified in sub-paragraph (1) or (2) it may also treat as terminated any entitlement of the applicant to any payment or any part payment under this Scheme.
- (6) In the event of land being claimed by more than one applicant the Department may disclose details of the duplication to all applicants involved in order to allow all concerned to resolve the issue to the satisfaction of the Department.
- (7) The Department must give notice in writing to the applicant of any decision under this paragraph.

10. Appeals

- (1) An applicant may, within 60 days of the date of notification of a decision under this Scheme, request in writing that the Department review the decision, stating the grounds on which the review is requested.
- (2) Despite sub-paragraph (1), requests to review decisions relating to land classification as Above or Below the Mountain Line must be made by the applicant within 30 days of receipt of notification, stating the grounds on which the review is requested.
- (3) In the first instance, the application will be reviewed by an officer of the Department who has had no involvement in the original application. This shall be referred to as a Stage 1 appeal.
- (4) Stage 1 appeal decisions are to be made and notified within 30 days of the appeal being received by the Department.
- (5) Within 60 days of the date of notification of a decision of a Stage 1 appeal, if the applicant considers that the grounds for appeal have not been addressed, they may apply in writing to the Department requesting that the matter be referred to the Agricultural Development Scheme Appeals Committee ("the Committee"). This shall be referred to as a Stage 2 Appeal.
- (6) A Stage 2 Appeal must be completed for referral to the Minister within 90 days from the date that the Stage 2 Appeal is received.
- (7) Applicants may opt to have either a written or oral Stage 2 Appeal.
 - (a) In the case of a written appeal, the appeal request document and all other relevant paperwork will be considered by the Committee. The appellant will receive all the paperwork to be considered by the Committee in advance of the meeting but will not attend in person.
 - (b) In the case of an oral appeal, the appellant shall receive all the paperwork to be considered by the Committee in advance of the meeting and will be invited to attend part of the meeting. The applicant will be able to present their case and respond to questions from the Committee. Applicants may be accompanied and may wish to appoint someone to represent them. Once the presentation and questions have been completed, the applicant and anyone accompanying them or appointed to represent them, will leave the meeting for the Committee to deliberate on the matter.

- (8) The Committee must reach a recommendation which will be sent to the Minister of the Department for consideration and final decision. The Minister must make a decision within 28 days from receipt of the Committee's recommendation. Where an appeal is particularly complex a further period of consideration may be required, if this is the case the appellant will be notified in writing.
- (9) The Department must provide written notification of the Minister's decision within 28 working days of the date of that decision being made.
- (10) Information on the decision must be publicised by any means. Requests for further information on the decision must be made in writing to the Chairman of the Committee. The information provided in both cases will be restricted to the facts of the case i.e. the basis of the appeal, the criteria used by the Committee in making the decision and the decision itself.
- (11) For the purposes of this Scheme, the Committee will be convened by the Department as required and shall consist of an industry representative, a Department representative who has not been involved in either the original decision or the Stage 1 Appeal and an independent person who has appropriate knowledge of the subject area.
- (12) The Department shall seek nominees to the Committee and maintain a list of those nominees along with a reference to their particular area of expertise. This list will be available for inspection upon request.
- (13) The Committee dealing with appeals must -
 - (a) work within the parameters of the Scheme;
 - (b) not award compensation; and
 - (c) make objective and evidenced recommendations in line with the Scheme specifications.

11. Costs

- (1) There will be no charge for a Stage 1 Appeal.
- (2) Applications for a Stage 2 Appeal will be subject to a charge of £300, payable when the appeal is requested.
- (3) Despite sub-paragraph (2), there will be no charge in relation to appeals against a decision following an application to the National Reserve.
- (4) Charges referred to in sub-paragraph (2) will be refunded where an appeal is successful.

PART V

Budget provision and payments under the Scheme

12. Budget for the Scheme

- (1) The Department shall establish a finite budget no greater than £7,625,000 (Seven million, six hundred and twenty five thousand pounds) for the annual combined operation of this Scheme, the Pig Premium Quota Scheme 2009¹ and the Pig Industry Restructuring Assistance Scheme 2011².
- (2) Despite sub-paragraph (1), the Department may transfer monies from the established budget to fund other schemes, grants, programmes and subventions relating to food production and/or food processing.
- (3) The combined budget available for area payments (flat rate and historic) will be established as the total budget available less anticipated funding required for production related support and the National Reserve.
- (4) Penalties contained in Schedule 1 may be applied to any payment under this Scheme.
- (5) Despite sub-paragraph (3) any distribution of remaining budget will be subject to the provisions of paragraph 16(4).
- (6) Despite sub-paragraphs (1) and (2), with effect from 2018, the Department will establish a specific component within the Scheme budget for the ongoing Historic Entitlements made up from support earned under the Pig Premium Quota Scheme 2009 and the Pig Industry Restructuring Assistance Scheme 2011.

13. Payment Schedule

- (1) In any Scheme year the Department must make payments due under this Scheme in at least three instalments.
- (2) The Department will endeavour to make a payment of 50% of the applicant's estimated payment before the end of July each year and a further 25% by the end of October that year.
- (3) A final balancing payment will be made no later than the end of April in the following year, which will take account of all known penalties, modulations and unclaimed funds.

14. Recovery of other amounts due to the Department

The Department may recover from any applicant by way of a deduction from any sum payable under this Scheme any amount due by that person to the Department.

¹ GC 28/09

² GC 004/11

15. Modulation

The Department may reduce payments due to any applicant under this Scheme and the ongoing Pig Industry Restructuring Assistance Scheme 2011, to release amounts necessary to provide funds for applicants qualifying for support under the National Reserve process.

16. Area Payments based on Historic Entitlements

- (1) Subject to sub-paragraph (4), the Department may pay up to the value of one Historic Entitlement for every acre of eligible land held by the applicant.
- (2) No more than one Historic Entitlement may be claimed against the same acre or part thereof.
- (3) Historic Entitlements issued for land Above the Mountain Line may not be claimed on land Below the Mountain Line and vice versa.
- (4) The Department may not pay more than £300 per acre of eligible land.
- (5) Despite sub-paragraph (4), where the value of an Historic Entitlement is made up in whole or in part from the Pig Premium Quota Scheme, that part of the entitlement made up from that Scheme will be ignored in relation to the maximum acreage value of the entitlement, though included in the overall value of the entitlement.

17. Flat rate area payments

- (1) A common flat rate area payment will be made for each acre of eligible land entered into the Scheme as stated under Schedule 2.
- (2) The flat rate area payment rate applicable to land Above the Mountain Line will amount to 1/6th of that Below the Mountain Line.
- (3) The Department may redistribute the flat rate payment (this is known as 'front loading') by deducting a percentage off the common flat rate payment from all eligible acres and reapplying this amount to a defined number of eligible acres for each claimant as stated under Schedule 2.

18. The National Reserve

- (1) Applications to the National Reserve may only be accepted from new entrants.
- (2) The Department may establish a specific budget for the operation of the National Reserve.
- (3) The purpose of the National Reserve is to allocate additional funding to businesses that have been materially disadvantaged by the implementation of the Countryside Care Scheme 2009 and this Scheme.
- (4) An application under this paragraph shall be made to the Department in such form as the Department requires.

- (5) The Department may establish periods, in any Scheme year, when applications under this paragraph may be accepted.
- (6) All applicants under this paragraph will be required to pay an initial fee of £300, at the time of submission of each application. This fee shall be fully refunded to successful applicants under this paragraph.

19. Supplementary payments to young farmers

- (1) An applicant meeting the criteria in paragraph 3 may also be eligible for young farmer supplementary payment if they also meet the definition of a "Young Farmer".
- (2) That supplementary payment shall be either –
 - (a) 25% of the appropriate full flat-rate payment up to a maximum of 195 acres; or
 - (b) £4,000,

whichever is the lesser amount.

- (3) A supplementary payment may only be payable for a maximum of 5 consecutive years. Any payment made under this Scheme or the Countryside Care Scheme 2009 counts towards this period.
- (4) Despite paragraph (2), supplementary payments in any Scheme year to young farmers must not exceed 2% of the Scheme budget. In the event of the cap being reached, all young farmer payments would be adjusted pro-rata to stay within this budget.
- (5) A claim will not be accepted where, to the satisfaction of the Department, the conditions attached to the claim have been artificially created with a view to obtaining an advantage contrary to the objectives of the Scheme.

PART VI Offences

20. Offences

Any applicant making a false statement in order to obtain payment under this Scheme shall be guilty of an offence and subject to the penalties set out in Section 1 of the Agriculture and Fisheries (Miscellaneous Provisions) Act 1998 (c. 7).

PART VII
Transfer of Historic Entitlements

21. Transfers

- (1) A holder of Historic Entitlements under the Scheme may transfer some or all of them, provided the following conditions are met:
 - (a) an application to transfer is made in writing in a form acceptable to the Department;
 - (b) the application is signed by both the transferor and transferee or their respective agents;
 - (c) the application is made within a specified period established by the Department in any Scheme year; and
 - (d) the transfer must be completed in advance of the Scheme year in which it is to take effect.
- (2) Despite the provisions set down in paragraph (1)(c) and (d), in the event of the death of the holder of Historic Entitlements under the Scheme, transfers may take place outside the specified period.
- (3) No Historic Entitlement may be transferred unless the original applicant has made an initial successful claim to the Scheme.
- (4) Despite paragraph (1), the value of any Historic Entitlement on transfer will be capped at £300 per entitlement. Transferred entitlements will also be subject to the Scheme timetable for transition to a flat rate area payment.
- (5) Historic Entitlements issued on land Above the Mountain Line may not be merged with Historic Entitlements issued on land Below the Mountain Line and vice versa.
- (6) The value of Historic Entitlements will be aggregated per holder separately for Above and Below the Mountain Line.

PART VIII

Review

22. Review

A review of the Scheme will be completed by 1 April 2020.

23. Revocations

The following are revoked –

The Countryside Care Scheme 2009¹

The Countryside Care Scheme 2009 (Amendment) Scheme 2010²

The Countryside Care Scheme 2009 (Amendment) Scheme 2012³

The Countryside Care Scheme 2009 (Amendment) Scheme 2014⁴

Made 12th March 2015



Richard Ronan

Minister for Environment, Food and Agriculture

¹ GC 59/08

² GC 040/10

³ GC 0003/12

⁴ GC 2014/0013

SCHEDULE 1

Penalties for mis-declaration of land

(a) Penalties for the over or under declaration of land at the applicant's disposal (total of eligible and ineligible land)

Area mis-declared	Penalty
Less than 3% and not exceeding 3 acres	No penalty
3% to 20% or more than 3 acres	1% reduction in total CCS payment
More than 20% and not exceeding 50%	5% reduction in total CCS payment
More than 50%	10% reduction in total CCS payment

(b) Penalties for over declaration of eligible land

Applicants must have sufficient eligible land to cover all entitlements on area payments claimed. (NB in relation to Historic Entitlements, penalties will only apply on the over declaration of eligible land against which payment of Historic Entitlements has been claimed).

Area mis-declared	Penalty
Less than 3% up to 2 acres	No additional penalty (payment reduction only to ensure correct payment)
Over 3% or more than 2 acres	A penalty amounting to twice that of the value of the area over claimed up to a maximum of 100% in the Scheme year.

(c) Penalties for under declaration of eligible land

Area mis-declared	Penalty
More than 10%	½ of the value of the under declared area (i.e. if eligible area was under declared by 20% the penalty would be 10% of total payments)

(d) Penalties are applied on a whole farm basis, with over and under declarations on specific fields being netted against each other.

Schedule 2

Payment calculations

Transfer to flat rate area payments and front loading (redistributive payments)

Table 1 details the estimated transfer to full flat-rate payments.

Front loading is a redistribution mechanism on the flat rate element of the payment, where an amount is taken off all acres and 'front loaded' onto the first acres of all claims. This will be introduced pro rata over 4 years from 2015 (as indicated in Table 1 below).

The amount that has to be deducted from all payments to fund the front loading is calculated from the eligible applications received.

In the 2018 Scheme year the following calculation will be relevant to the first acres of each claim:

- additional £12 per acre for the first 130 acres of BML equivalent land
- additional £6 per acre for a further 65 acres of BML equivalent land
- payments will be calculated for AML equivalent land using the 1:6 ratio

Should the front loading payment exceed 15.5% of the total flat rate area payment it will be reduced pro rata to 15.5%.

Table 1: Payments will be calculated from Scheme year 2015 as follows:

Scheme Year	Historic Entitlement Payment %	MAX Flat Rate Area Payment		MAX Front Loading Supplement (per acre)	
		BML £ per acre (assuming 2015 target flat rate of £78.20)	AML £ per acre (1/6 of BML)	First 130 acres	Next 65 acres
2015	60%	£31.28 (40%)	£5.21	£3.00	£1.50
2016	40%	£46.92 (60%)	£7.82	£6.00	£3.00
2017	20%	£62.56 (80%)	£10.43	£9.00	£4.50
2018 onwards	0%	£78.20 (100%)	£13.03	£12.00	£6.00

Please note, in future years, these figures may vary depending on scheme budget and total claimed acreage

Young Farmer Supplementary Payment (YFSP)

Applicants qualifying for YFSP will receive a supplementary payment of 25% of the appropriate full flat rate payment for a maximum of 195 acres or £4,000 whichever is the lesser amount

Table 2: YFSP

Scheme Year	BML rate £/acre	AML rate £/acre	Max payment
2015 and thereafter	£19.55	£3.26	£4,000.00

EXPLANATORY NOTE

(This note is not part of the Scheme)

This Scheme is promoted by the Department of Environment, Food and Agriculture and replaces and consolidates the Countryside Care Scheme 2009. The Scheme follows the withdrawal or wind down of almost all production based agricultural support.

The objective of this Scheme is to create a credible, practical and effective decoupled support Scheme as the foundation for a thriving, diverse Manx agricultural industry whilst protecting the Isle of Man's landscape and natural heritage and maintaining its productive capacity.

During the transition period, the current overall level of support continues to be maintained with a gradual change from historic payment (based on previous payments received by each farmer) to a flat rate acreage payment in 2018.

As per the Countryside Care Scheme 2009, this Scheme continues to be voluntary and requires farmers to comply with a set of countryside and agricultural management standards (known as *Cross Compliance Standards*) in order to qualify for support payments.

The Countryside Care Scheme 2009 and its replacement in this Scheme, have two distinct phases with a review undertaken prior to the commencement of Phase 2. The first five year phase involved a mix of some production support as the existing Schemes were wound down or scaled back and some payments based on historic support. Almost all production related support was gradually removed during this first phase.

The second five year phase will involve a steady transition away from historic payments to flat rate acreage based payments the process of which has started. The only variation made reflects the higher or lower value land quality and the associated land management costs. These more consistent payments are intended to reflect the cost of compliance with the Cross Compliance Standards required by the Scheme.

Part I establishes the aims of the Scheme, its start date and interpretations used within the document.

Part II establishes the conditions of eligibility for payment under the Scheme, such as the application process, minimum claim and area size and the requirement to meet Cross Compliance Standards and associated penalties.

Part III establishes the obligation for applicants to permit inspection by authorised persons.

Part IV establishes the Department's ability to withhold or recover funds and for applicants to appeal against the Department's decisions.

Part V establishes a fixed budget for the Scheme, the criteria for payments and a process for dealing with issues arising from the switch from production-related support to area payments.

This part also introduces the National Reserve process which is established to help farmers whose businesses, because of their particular circumstances, would otherwise be at a disadvantage due to the application of the Countryside Care Scheme and this Scheme.

Provision to assist young farmers to undertake activity in the industry is also included where additional payments may be made up to 25% of the full acreage rate (to a maximum of 195 acres) or £4,000, whichever is the greater. The overall amount available for young farmers each Scheme year is to be capped at no more than 2% of the budget.

Part VI reiterates that anyone making a false statement in order to obtain payment under this Scheme shall be guilty of an offence and subject to the penalties set out in the Agriculture and Fisheries (Miscellaneous Provisions) Act 1998.

Part VII establishes the ability for farmers to transfer their entitlements to historic support to another person or body corporate. Transfers must be in writing, acknowledged by both parties, and in advance of the Scheme year in which the transfer will take effect. The Department will establish a specific period each year when transfers will be accepted. In certain circumstances transfers will be permitted outside the Department's transfer period.

Part VIII specifies that the Scheme will be reviewed no later than 2020.

Schedule 1 contains provision for calculating penalties.

Schedule 2 sets out the calculations for additional sums payable with flat rate area payments and concerns the redistribution of payments which is referred to as 'front loading'.