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Implementation of CAP Reform – Young Farmers' Scheme

Introduction

The Defra consultation on the future of the CAP implementation identifies the key policy issues where Defra has implementation choices. This briefing outlines the future Young Farmers Scheme and identifies the questions which Defra pose in respect of the future operation of the Young Farmers Scheme.

Young Farmers Scheme

The European regulation requires member states to develop a Young Farmers Scheme (YFS). Therefore Defra will implement a YFS in England. Those eligible to participate in the YFS will receive an additional payment that is broadly equivalent to 25% of the value of payments under the basic payments scheme for each of the first five years of the operation of their business.

Eligibility

To be eligible for the additional payment under the Young Farmers Scheme a participant must meet all of the following criteria:

- Is an natural person;
- Is not more than 40 years old in the year when the direct payment application is made;
- Set up as a farmer (i.e. as head of holding) within the previous five years.

The Commission shall publish secondary legislation where a legal person may be considered eligible for receiving the payment. We understand from drafts of this secondary legislation that in the case of legal persons the conditions above would have to fulfilled by all natural persons having control over the legal person. In order to avoid possible circumvention of the scheme, the payment must be granted to a legal person only for as long as at least one of the natural persons having control over the legal person in the first year of application for the scheme remains in such control and that such control is not shared with a third person not complying with the conditions defining a young farmer.

Top up limited by number of hectares

Member States have some flexibility as to how this scheme is implemented. Defra must set a limit on the number of entitlements for which the claim for the additional payment can be made, which must be between 25 and 90.

Option for additional criteria

Defra also have the option to set criteria which would require the young farmers applying to demonstrate that they have particular skills or training requirements in order to qualify.

While there may be benefits in adopting additional criteria in terms of targeting support towards those new entrants who hold appropriate qualifications, or who have prepared a realistic business plan, Defra's preference is not to introduce additional criteria at this stage. The main reason is because it would be difficult to capture informal skills developed by those who have been working on family farms from a young age. Also, Defra is conscious of the additional administrative costs needed to apply such additional criteria (e.g. verification of qualifications or analysis of business plans).

Questions from the consultation

Defra must set a limit on the number of entitlements that can be claimed under the Young Farmers Scheme which must be between 25 and 90.

Q14. What do you think should be the ceiling that can be claimed by an applicant to this scheme?

- A limit of 25 entitlements (the lowest limit possible)
- A limit of 54 entitlements (the average farm size in the UK)
- A limit of 90 entitlements (the highest limit possible)
- Another option

Q15. Defra's preferred option is not to require those seeking to participate in the Young Farmer Scheme to meet additional eligibility criteria. Do you agree?

- We should not add additional criteria.
- We should add additional criteria.

Please comment further if you wish, or explain what additional criteria you prefer.

Value of top-up based on information in consultation

	Lowland entitlement	SDA non moorland entitlement	SDA moorland entitlement
Value of Basic Payment in 2015 (15% modulation, no change in proportions)	€242	€195	€34
Value of 25% top up	€60.50	€48.75	€8.50
Limit	Value of annual top up (for 5 years from business set up)		
25ha	€1512.5	€1218.75	€212.50
54ha	€3267	€2632.5	€459
90ha	€5445	€4387.5	€765