

SINGLE FARM PAYMENT

Presentation to the Agriculture & Rural Development
Committee

Tuesday 2nd October 2012

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Single Farm Payment

- The audit issue
- The eligibility issue
- The control issue
- Indications of success
- Inspection and payment targets



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Single Farm Payment

- 100% EU funded
- DARD is the Paying Agency
- IACS
- Links to all area-based schemes

Eligibility for SFP

To be eligible a SFP claimant must meet four conditions:

- Be a farmer undertaking agricultural activity
- Hold SFP payment entitlements and have **eligible** agricultural land
- Ensure that any individual field parcel is at least 0.1 hectare
- Have the land on which payment is claimed at their disposal on 15 May in the year of the claim.



What is agricultural activity?

EU definition -

“the production, rearing or growing of agricultural products including harvesting, milking, breeding animals and keeping animals for farming purpose or maintaining land in good agricultural and environmental condition.”



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EU Commission Audits

- Two main types of audits under clearance of accounts procedures
 - Financial - Statement of Assurance (DAS) European Agriculture Guarantee Fund (EAGF) Expenditure carried out annually
 - Compliance - Reliability of the management and control procedures with Single farm payment (SFP) / Integrated Administration control System (IACS)
 - Audit of the Certifying Body
- Notified to DARD through the UK Co-ordinating Body

EU Audits Requirements

- EU Auditors Select farm businesses to undertake
 - Desk review
 - Re-performed in the field;
- Examination of DARD Records and Systems



EU Commission Audit Findings

- Weaknesses in the LPIS
- Quality of the On-the-Spot Check
- Calculation of Sanctions / application of penalties, for example, intentional over-declaration penalties

Improving Controls

- Land Parcel identification System (LPIS)
- Applied to 100% of applications
- On-the Spot Checks / Inspection process
- Applied to 5% of all applications

LPIS – Improving Farm Maps

- Weakness - lack of reliable Maximum Eligible Area (MEA)
- Physical check on each of the $\frac{3}{4}$ million fields currently on the system against latest aerial photography to:-
 - correct boundaries
 - Capture features which are not eligible for SFP / LFACA payments



Farm map

Business 610000 - MR JOHN SMITH - Declared or Owned Land



N
Legend:
Declared Land (Yellow outline)
Declared Land Exception (Red hatched)
Declared Land Deleted (Yellow hatched)
Ineligible Hard, Rock, Water & Other (Purple hatched)
Ineligible Trees & Scrub (Purple hatched)
Scale: 1:5000
Ortho Date Range: 03/06/2010 Date: 04/09/2012 Page 2 of 2
DARD maps do not convey legal ownership
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Progress on LPIS

- Partnership with the LPS - national mapping authority
- Ongoing work to improve the accuracy of the LPIS and maintain currency
- CAP Reform – need for additional LPIS data
- Aim to provide maps which accurately reflect the nature of land use



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Progress on LPIS

- From 2013 scheme year we will have a MEA
- All SFP / LFACA applications validated against MEA data

On-the- Spot Check



OTS Check Scenario



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Quality and Accuracy of the On-the-Spot Checks

- Enhanced Land Eligibility Guidance
- Enhanced accuracy of assessment of land eligibility
- Enhanced System to process On-the-Spot Checks
- Development of Control with Remote Sensing (CwRS)

Geo-spatial Measuring Tools



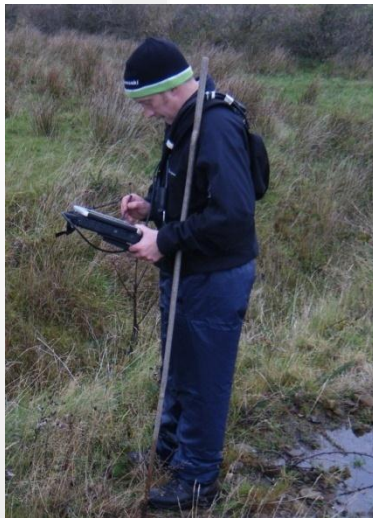
On-the- Spot Process

A continuous flow of electronic information

Inspection

Process Information

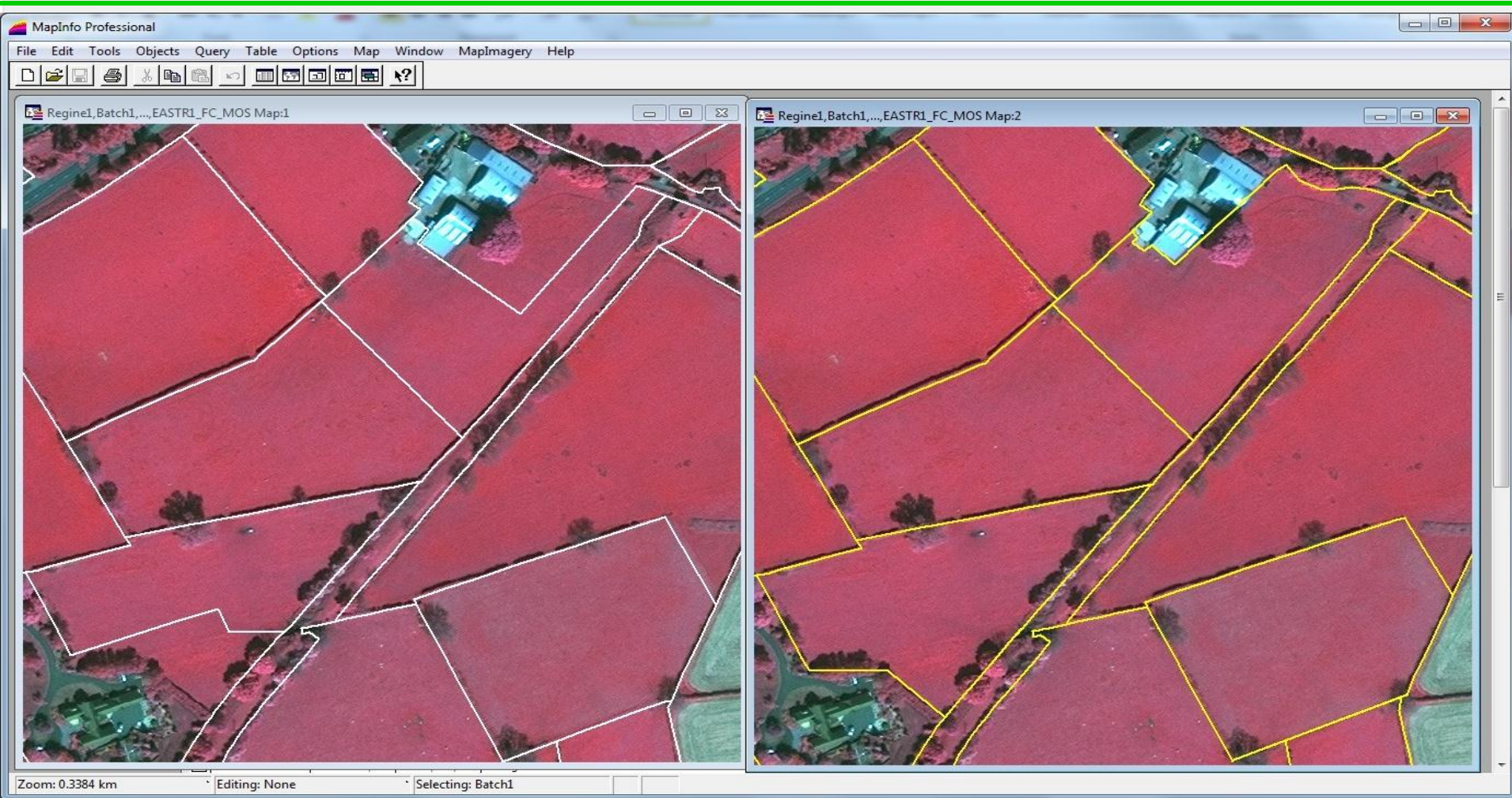
Payment



Control with Remote Sensing (CwRS)



CwRS Infra-Red Satellite Imagery



Payment Processing

European Council Regulations

- Permit payments to be made only on fully verified claims
- Permit full payments to commence on 1 December providing that all validation checks, including on-farm checks , have been carried out.
- Require 95.24% of the annual value of SFP claims to be paid out by the end of the following June.



2012 Payment Processing

- Validation of 2012 claims now underway.
- Progress in finalising claims to be reviewed at end of October 2012 to inform the establishment of payment targets.
- Payment processing targets to be set in November.
- Initial objective
 - Pay at least 80% of all claims in December 2012
 - Pay claims inspected in the period up to the end of August 2012 in December 2012

Payment Processing Challenges 2012

- Continuing high level of inspection findings
- Identify date of change
 - Adjust entitlements where date back to 2005
 - Apply change to all subsequent claim years



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Payment Processing Challenges 2013

Potential for high level of validation queries, with the introduction of MEA

- Seek to reconcile from data held
- Farmer contact
- Rapid Field Visits

Area-based schemes

SFP – Pillar 1

Less favoured areas compensatory allowance – Pillar 2, Axis 2

Agri-environment schemes – Pillar 2, Axis 2

Opportunity for more integrated control

Communication with farmers about changes
– especially MEA

Questions



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