

Reductions & Exclusions (R&E)

Understanding the P1 Reductions & Exclusions Letters



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Background to R&E letters

- Reductions & Exclusions (R&E) letters have not been issued to our customers from 2015 onwards. This was a conscious decision to enable RPID resources to prioritise the improvement of payment performance and address EC audit requirements to update information held in the Land Parcel Identification System (LPIS).
- The R&E letters represent a decision letter for the purpose of the Rural Payment (Appeals) (Scotland) Regulations 2015, where farmers and crofters have the opportunity to request a review of the decision, if they believe we have incorrectly reduced or excluded land or animals.
- It is important to note, RPID would welcome and encourage customers, or their representatives, to contact their local Area Office to discuss any reductions or exclusions detailed in the R&E letter, that is thought to be incorrect, to allow RPID officials the opportunity to explain the detail and negate the requirement for any customer to use the appeal process.
- Should customers choose to appeal, they have 60 days from the date of the decision letter to raise an appeal request. For Cross Compliance the decision letter is the Inspection Findings Report which was issued following either the cross compliance or livestock inspection. If the 60 day application period has already passed customers can no longer submit an appeal.
- In November 2020, 2,790 VCS R&E letters, covering 2015-2019 claim years, were successfully distributed to relevant customers across Scotland. This action highlighted RPIDs ongoing commitment to provide an excellent and professional service for all our customers.

The R&E Letter

- The P1 R&E letter informs a business of any reductions and/or penalties that have been applied to any application(s) including details of the penalty calculation and eligibility for Greening or Young Farmer Payment.
- The letters provide the detail behind the summary shown on the RP&S system. Separate R&E letters are produced for each scheme area, apart from LFASS which is included in the P1 R&E letter.
- The R&E letter is only generated if one or more of the following has occurred as a result of SAF processing:
 - Any adjustments have been applied to the SAF. This does not include data capture or obvious error adjustments.
 - Any penalties have been applied to the customer for the current scheme year
 - The customer has applied for Greening and is deemed not eligible
 - The customer has applied for YFP and is deemed not eligible
- The re-working of a SAF can often result in the R&E process running again. An example of this, is where there are updates made to land and that data is fed into RP&S from mapping updates. If this results in changes to the R&E findings then it may generate a new updated R&E letter.

What information is provided in the 2020 R&E letters?

Basic Payment Scheme (BPS)

- This will detail any areas deducted and the reason for the adjustment made with or without penalty from your claim.
- The calculation of any administrative penalty that has been applied.
- For many businesses, the deductions made have not resulted in a lower determined area than the number of entitlements held and therefore there is no reduction to the payment calculated. You can see what entitlements have been activated and paid from the payment letter issued to accompany the 2020 payment.

Greening

- The Greening summary will detail whether the requirements for Crop Diversification, Ecological Focus Area or Permanent Grassland if applicable to your business have been met. The Scottish Government approved a derogation for Crop Diversification 2020 and the two/three crop rules were not implemented for this scheme year.
- The Greening reductions or administrative penalties will detail Greening reductions which are calculated at holding level and applied proportionally across payment regions based on the determined areas after deduction.
- The administrative penalty, which is based on the proportion of the total Greening reduction area to the area after reduction for Greening payment. Any reduction will have been set out in the Crop Diversification, Ecological Focus Area or Permanent Grassland sections.

For 2020 the proportion and penalties are as follows -

- less than 3% or 2ha - no penalty is applied.
- Greater than 3% or 2ha but less than 20% - the penalty is half the difference between the areas before and after any reduction is applied
- Greater than 20% - the penalty is 25% of the full area after reduction for Greening Payment

What information is provided in the 2020 R&E letters?

Young Farmer Payment Scheme

- If you applied for the Young Farmer Payment this will detail if you met the eligibility requirements.

Late Application Penalties, Late Amendment Penalty, Late Supporting Documentation Penalty

- If you submitted your Single Application Form after the closing date, submitted a late amendment request or if any documentation which was necessary to support your 2020 claim(s) was supplied late, the penalty applied will be detailed.

Failure to declare all land

- An under-declaration penalty will have been applied if you failed to declare all of the permanent, seasonal and common grazing agricultural and non-agricultural land you had on 15 May 2020.

Cross Compliance Penalties

- If your business had a cross compliance penalty, this will be listed and the schemes the penalty applies to will be detailed. Cross Compliance breaches are notified to businesses on inspection findings reports following either a cross compliance or livestock inspection.

Less Favoured Area Support Scheme (LFASS)

- This will detail any areas deducted and the reason for the adjustment made with or without penalty from your claim
- The calculation of any administrative penalty that has been applied.

Distribution of the R&E Letters

RPID are distributing 2020 as the first SAF year to commence the issuing of P1 R&E letters to customers.

There were a number of factors taken into consideration to support this decision, including;

- Proceeding with issuing 2020 letters first provides RPID with the best opportunity to pilot and test our business processes.
- Starting with 2020 will assist customers with their SAF 2021 applications if customers had failed assessments or deductions in 2020.
- Issuing 2020 letters will mean that RPID will be dealing with more current issues and the current business population which will assist both customers and RPID staff.
- Analysis gathered from both customers and RPID staff, following the distribution of the SAF 2020 letters, will assist RPID on deciding the approach for the distribution of the earlier SAF years 2015-2019.

How will we rollout the SAF 2020 R&E Letters?

There are two routes for these letters to be issued to customers; 1. by email directing a customer to their Communication log or 2. by post.

To ensure that RPID staff can complete their competing work priorities, it was decided that the rollout should be staggered between 2 batches, on 2 separate dates.

- **Batch 1** are scheduled to roll out from **Monday 22 February 2021**
- **Batch 2** are scheduled to roll out from **Monday 1 March 2021**

Please note, not all R&E letters will be available to every customer on these dates.

RPID continues to process the remaining 2020 SAF claims, therefore any outstanding R&E letters will not be created until each relevant claim has been processed on the RP&S system.

Important to note, R&E letters are only issued to customers who have had a reduction and exclusion from their 2020 claim, therefore not all customers are required to receive an R&E letter.

R&E Letters Key Messages

- As previously stated, RPID would welcome and encourage customers, or their representatives, to contact their local Area Office to discuss any reductions or exclusions detailed in the R&E letter, that is thought to be incorrect, to allow RPID officials the opportunity to explain the detail and negate the requirement for any customer to use the appeal process.
- Any penalties detailed within the R&E letters, which have financial implications for a customer, will already have been applied and this R&E letter is merely confirming the penalty calculation as per the relevant scheme rules.
- The receipt of an R&E letter does not always result in a reduction in payment.
- If a business holds less entitlements than the determined area for payment after any reduction or penalty is applied, there is no impact on the amount paid.
- Customers can access the RP&S system at any time to check their payment letters which provide details of the number of Payment Entitlements held, activated and paid, and any other penalties that reduced a payment.
- No decision has been made yet with regards to how and when the earlier SAF years letters will be issued, customers will be informed as soon as a decision around this is made.