Under-activity penalties

These penalties are applied under article 35 of 640/2014 as a percentage reduction to the payment following a breach of the LFASS active farming rule.

Inactive or under-active land parcels claimed - no false evidence provided, or negligence involved

Up to 3% - apply to the payment a percentage penalty that equates to the area of the inactive land parcels.

More than 3% but less than or equal to 30% - apply to the payment a percentage penalty that equates to **twice** the area of the inactive land parcels.

More than 30% - apply a **100%** penalty to the LFASS aid for that year.

Step 1 - Calculate the percentage difference

    A Total LFASS eligible area claimed 0.00 ha
    B Less Inactive area   0.00 ha
    C Difference (A – B)   0.00 ha
    D Area of inactive land parcels as a percentage (B as a % of C)

$$\text{B } \underline{\text{0.00 ha} \quad \text{x 100}} \qquad = \text{D} \quad 0.00\,\%$$
$$\text{C } \;0.00 \text{ ha}$$

Step 2 - Determine which category applies and calculate percentage reduction

Percentage difference	Reduction/penalty
D less than or equal to 3%	D 0.00 %
D greater than 3% but less than or equal to 30%	D 0.00% x 2
D greater than 30%	100%

Step 3 – Calculate penalised payment

Pre penalty payment	£000.00
Less % reduction at Step 2	£000.00
Amount Due	£000.00

To show how we work out these penalties, we have included two examples:

Example 1 – 775 ha LFASS claim which includes a 20 ha inactive land parcel

Step 1 - Calculate the percentage difference

Total LFASS eligible area claimed	775 ha
Less Inactive area	- 20 ha
Difference	755 ha

Area of inactive land parcel(s) as a percentage

$$\frac{20 \text{ ha } \times 100}{755 \text{ ha}} = 2.65\%$$

Step 2 - Determine which category applies and calculate percentage reduction

Percentage difference	Reduction/penalty
2.65% <3%	2.65 %

Step 3 – Calculate penalised payment

Pre penalty payment	£21,154.40
Less % reduction at Step 2 (£21,154.40 x 2.65%)	- £560.59
Amount Due	£20,593.81

Example 2 – 101 ha LFASS claim which includes a 23 ha inactive land parcel

Step 1 - Calculate the percentage difference

Total LFASS eligible area claimed	101 ha
Less Inactive area	- 23 ha
Difference	78 ha

Area of inactive land parcel(s) as a percentage

$$\frac{23 \text{ ha } \times 100}{78 \text{ ha}} = 29.49\%$$

Step 2 - Determine which category applies and calculate percentage reduction

Percentage difference	Reduction/penalty
29.49% is >3% & < or equal to 30%	therefore penalty is 29.49% x 2 = 58.98%

Step 3 – Calculate penalised payment

Pre penalty payment	£2,298.56
Less % reduction at Step 2 (£2,298.56 x 58.98%)	- £1,355.69
Amount Due	£942.87

Inactive or under-active land parcels claimed – involving false evidence or negligence

If we find that you have provided false evidence to get an LFASS payment or failed to give us necessary information due to negligence, we will not pay you LFASS for the year of the breach or for the next calendar year.

This type of breach could include a land parcel, or parcel share, some distance from your main farm that you are not farming. This could be so-called naked acres or unused common grazing shares, but could also be permanently or seasonally held parcels where we find evidence of:

- no activity
- exceptionally low activity
- activity that is not attributable to you

Low activity across the LFA part of the holding

If we find that the level of farming activity is not appropriate for the area of land you have claimed, we will reduce your payment:

Step 1 – calculate the percentage reduction

Where historic stocking density (SD) is greater than 0.09 livestock units (LU) per hectare:

$$\frac{\text{Minimum SD* 0.09} - \textit{current SD}\ 0.00}{\text{Minimum SD 0.09*}} \times 100 \qquad = \qquad 0.00\%$$

The minimum SD threshold for grazing category A land is used, regardless of the grazing category of the land in question

or

Where historic SD is less than 0.09 livestock units per hectare:

$$\frac{\text{Historic SD} - \textit{current**}\ SD\ 0.00}{\text{Historic SD*}} \times 100 \qquad = \qquad 0.00\%$$

Step 2 - Calculate reduced payment:

Pre- reduction payment	£000.00
Less % reduction at Step 1	£000.00
Amount Due	£000.00

Footnote:

- The historic SD*: is worked out using eligible land and eligible livestock numbers in the historic year.

- The current SD** is worked out using eligible land and farmed grazing livestock numbers declared in the LFASS claim year.

To show how this works in practice, we have included two examples:

Example 1 – 1234 ha LFASS claim: historic SD 0.45; *current* SD 0.05

Step 1 – calculate the percentage reduction

The historic SD is *greater* than 0.09 livestock units per hectare:

$$\frac{\text{Minimum SD } 0.09 - \text{current SD } 0.05 \times 100}{\text{Minimum SD } 0.09} \qquad = \qquad 44.44\%$$

Step 2 - Calculate reduced payment:

Pre- reduction payment	£1,000.00
Less % reduction at Step 1	- £444.40
Amount Due	£555.60

Example 2 – 1234 ha LFASS claim: historic SD 0.08; *current* SD 0.03

Step 1 – calculate the percentage reduction

The historic SD is less than 0.09 livestock units per hectare:

$$\frac{0.08 - 0.03 \times 100}{0.08} \qquad = 62.5\%$$

Step 2 - Calculate reduced payment:

Pre- reduction payment	£1,000.00
Less % reduction at Step 1	- £625.00
Amount Due	£375.00

No minimum payment top-up is due in these circumstances.