**Annex 2 2024 Business Rules - Selection of applicants for Cross-Compliance inspection**

This paper sets out the DAERA FFRA approach to the selection of Single Application applicants for Cross-Compliance on-farm inspection for compliance against the GAEC’s 4, 5, 6 and 7, SMR 4 (Food and Feed Law) standards and SMR 10 (Restrictions on the Use of Plant Protection Products) and defines the risk analysis criteria to be used when selecting farms for inspection.

**Legislative criteria**

Direct Payments to Farmers (Legislative Continuity) Act 2020

Agriculture Act 2020

SR No. 2021 No 42 - The Direct Payments to Farmers (Simplifications) Regulations (NI) 2021

The Financing, Management and Monitoring of Direct Payments to Farmers (Amendment) Regulations 2020

The Rules for Direct Payments to Farmers (Amendment) Regulations 2020

The Articles applicable to Northern Ireland are: Articles 30, 34, 68 and 69 of assimilated Commission Implementing Regulation 809/2014, Articles 59 and 96 of assimilated Council Regulation 1306/2013 as amended.

**Cross-Compliance specific**

The criteria for the selection of on-farm Cross-Compliance inspections is set out in assimilated Council Regulation 1306/2013 (Article 96) and assimilated Commission Implementing Regulation 809/2014 (Articles 68 and 69).

Article 68 of assimilated Commission Implementing Regulation 809/2014 states that the Competent Control Authority should carry out on-the-spot checks on at least 1% of the total number of beneficiaries referred to in Article 92 of assimilated Regulation 1306/2013. The Regulation does not stipulate however, that 1% of applicants to each of the schemes covered by Cross-Compliance should be subject to on-the-spot checks.

In the NI context that means 1% of the beneficiaries under the following schemes –

Basic Payment Scheme

Young Farmers’ Scheme

Environmental Farming Scheme

Protein Crops Scheme

Forestry Expansion Scheme

Forest Protection Scheme

Woodland Investment Grant

Small Woodland Grant Scheme

Farm Woodland Premium Scheme (agreements signed after 1/1/07)

Beef Carbon Reduction Scheme

**Selecting Applicants for on-farm Inspection**

Article 69 of assimilated Commission Implementing Regulation 809/2014 establishes that risk analysis should be used to select applicants for Cross-Compliance inspection. To provide an element of representativeness, between 20% and 25% of the minimum number of beneficiaries to be inspected should be selected randomly.

To ensure that all applicants to the schemes covered by Cross-Compliance have an opportunity to be selected for inspection it is necessary to carry out two risk selection exercises for Cross-Compliance. To help keep on-farm inspections to a minimum it has been decided to draw an element of the Cross-Compliance risk selection from those that have been selected for a check through the Basic Payment Scheme selection process (in line with Articles 30, 31 and 34 of assimilated Regulation 809/2014).

Another selection will need to be made from the remainder of applicants and those who have not applied for the Basic Payment Scheme.

**Basic Payment Scheme Selection (All figures provided are for demonstration purposes only)**

This selection should be based on applicants to the Pillar 1 Direct Agricultural Support schemes (i.e. the Basic Payment Scheme and the Young Farmers’ Scheme). To be eligible to apply for the Young Farmers’ Scheme you must also be claiming under the Basic Payment Scheme therefore this element of the selection process should be based on those who have applied for the Basic Payment Scheme.

Those selected for Cross-Compliance inspection using the following selection methodology should receive a full Cross-Compliance inspection against the requirements that fall to DAERA FFRA as Competent Control Authority. As two inspectorates (Agri-food Inspection Branch and Countryside Management Inspectorate) will be involved, co-ordinated visits should be arranged, as far as possible.

**Random Selection (Basic Payment Sample)**

1% of eligible applicants for the Basic Payment Scheme must be selected for “eligibility” inspection. Based on a population of 25,000 eligible applicants it means that 250 applicants must be inspected.

For the purposes of this selection the Cross-Compliance sample requirement is that 1% of the total eligible population of Basic Payment Scheme applicants should receive on-farm Cross-Compliance inspections (250 applicants). Of this total it has been decided that 25% should be selected on a random basis (62 applicants). As a starting point to lessen the potential burden of on-farm inspections on the farming industry it has been decided to take the random Cross-Compliance requirement from the initial random selection for BPS inspection.

**Risk Selection (Basic Payment Scheme)**

The applicants chosen by DAERA FFRA using this methodology should receive a full Cross-Compliance on-farm inspection against the Cross-Compliance standards that DAERA F&FG is responsible for (GAEC’s 4 to 7 and SMR 4 Food and Feed Law) and also SMR 10 Restrictions on the Use of Plant Protection Products

Based on the estimation that 25,000 Basic Payment Scheme applications will be received, and that the Cross-Compliance sample requirement is that 1% of Basic Payment Scheme applicants receive on-farm Cross-Compliance inspections (250 applicants), as 62 applicants will be chosen using the random selection method, this leaves 188 to be chosen using risk analysis.

To achieve this, the DAERA FFRA Cross-Compliance risk selection criteria should be run against the remaining applicants chosen for a Basic Payment Scheme inspection. However, because this has been reduced to !%, the CC selection sample will be extended to include an additional 2% of applicants. The 188 applicants deemed to be most at risk of breaching the Cross-Compliance Verifiable Standards should receive an on-farm Cross-Compliance inspection.

**Applicants that have not applied for the Basic Payment Scheme (All figures provided are for demonstration purposes only)**

*With effect from the 2021 scheme year,* ***Protein Crops Scheme*** *will be included in this selection where an applicant has not claimed for BPS.*

There are a number of Single Applicants that have not applied for the Basic Payment Scheme (the following calculations are based on 2,000 approximately) and it is important that these applicants have the opportunity to be selected for inspection as part of the risk process. These applications should therefore be identified. It will be necessary to select 1% of these applicants (20 applicants) for Cross-Compliance inspection. 25% of the 1% (5 applicants) will need to be selected randomly. When these have been selected it will be necessary to run the FFRA risk criteria against the remaining 1,995 applicants. The 15 applicants deemed to be most at risk of breaching the Cross-Compliance Verifiable Standards should receive an on-farm Cross-Compliance inspection to determine compliance with the Cross-Compliance standards that DAERA FFRA is responsible for (GAEC’s 4 to 7 and SMR 4 Food and Feed Law) and also SMR 10 Restrictions on the Use of Plant Protection Products

The following table summarises the number of non-Basic Payment Scheme applicants to be chosen for on-farm Cross-Compliance inspection. The figures are based on 2,000 applications being received:

|  |  |  |  |
| --- | --- | --- | --- |
| **Inspection Type** | **Inspection rate required** | **Number of random inspections required** | **Number of risk based inspections required** |
|  |  |  |  |
| **Cross-Compliance** | 1% of which 25% to be chosen on a random basis | 5 | 15 |

**Note:** The Cross-Compliance inspection requirement is that 1% of eligible applicants should be selected for inspection. Therefore when this percentage has been achieved for the Basic Payment Scheme population and for the non-Basic Payment Scheme population no further inspections should be selected even if it is decided to increase the number of applicants selected for Basic Payment scheme eligibility inspection.

The risk factors to be used for the DAERA FFRA Cross-Compliance risk selection process are shown at **Appendix A**.

***Appendix A***

***Cross-Compliance Risk Factors for 2024***

| **No.** | **Risk Factor** | **Evaluation Criteria** | **Value** |
| --- | --- | --- | --- |
| **1** | Does the applicant's land contain SDA or DA land? | Yes  No | 10  0 |
| **2** | Did the applicant receive a Cross-Compliance inspection in 2022 or 2023? | Yes  No | 0  25 |
| **3** | Did the applicant receive Cross-Compliance Penalties in 2023? | No  Warning letter  <=5% penalty  >5% <=10%  over 10% | 0  10  15  20  25 |
| **4** | Did the applicant receive a warning letter or formal notice under the Dairy Hygiene Domestic Legislation in the past 12 months? | If no this criteria is not applicable.  If yes - | 40 |
| **5** | Has the applicant sought permission under the EIA Regs and been refused?  Has the applicant sought permission under the EIA Regs and been approved?  The applicant has not sought permission under the EIA Regs? | Yes  Yes  Yes | 50  25  0 |
| **6** | Has the applicant sought permission to remove a field boundary and been refused?  Has the applicant sought permission to remove a field boundary and been approved?  Has the applicant sought permission to remove a field boundary and been approved but conditions have been applied?  The applicant has not sought permission to remove a field boundary. | Yes  Yes  Yes  Yes | 50    25  25  0 |
| **7** | Does the applicant’s farmed land contain an archaeological feature? | Yes  No | 10  0 |
| **8** | Does the applicant produce animal feeds on farm? | Yes  No | 30  0 |
| **9** | Has the land area declared on the IACS form increased in 2024 from the amount declared in 2023? | Yes  No | 15  0 |
| **10** | Has the applicant declared CO1 to CO17, EC2, FF1, NF2 to NF5 on their Single Application Form field data sheet? | Yes  No | 5  0 |
| **11** | Is the Business located in Counties Fermanagh or Tyrone? | Yes  No | 15  0 |