

## The Andersons Centre – Latest News Update

01 April 2009

### Rents and CAP Reform

Many tenancies, either new or renewals, are being negotiated based on 5-year terms. It should be remembered that this takes them beyond the current lifespan of the Single Payment Scheme which has its final year in 2012. The uncertainty of the Single Payment (SP) beyond 2012 has been stressed by us before. Tenants should certainly not assume that the SP will continue unchanged.

There will be another reform of the CAP for 2013-2020, and, although an on-going SP seems likely, it is most unlikely that the existing regime will be simply rolled over. The size of the CAP budget for that period has not yet been set and all the indications from the recent 'Health Check' are that a bigger proportion of the budget must go to the 10 New Member States and to Rural Development, or Pillar 2.

This is likely to result in a smaller, probably significantly smaller, pot of money for the SP in the UK. In addition Welsh and Scottish farmers should recognise that their 'historic' based entitlement values are very likely to be compulsorily changed to a flat regional rate post-2012 (if the current option to move in this direction is not implemented prior to 2012). In addition to these uncertainties there is also the exchange rate conversion from Euros to Sterling that is currently set each 30th September.

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