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#### PUBLICATION

# Organic Conversion Scheme: addendum to guidance: sections G and H

Addendum to section G: payments, and section H: transferring or selling land under contract.

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# Contents

**Introduction** (#section-110838)

**Section G: payments** (#section-110834)

**Section H: transferring or selling land under contract** (#section-110836)

# Introduction

This addendum refers to the Welsh Government Organic Conversion Scheme Guidance Booklet published 15 July 2022. All changes and additions are made to Section G – Payments and Section H – Transferring or Selling Land under Contract of the original booklet.

This is now superseded by the following:

## Section G: payments

### Claims

Organic Conversion Scheme payments will only be available to claim on the Single Application Form in the relevant claim year; payments will be made following the successful validation of your claim. Claims will only be paid when the Welsh Government is satisfied the land conversion and certification requirements have been met. Payment will be made by electronic transfer to your bank account.

In order to receive Organic Conversion Scheme payments, you must:

- Have entered into an Organic Conversion Scheme contract and adhere to all the requirements.
- Not make a false or misleading statement or declaration or furnish false or misleading information.
- Not have artificially created the conditions required to obtain the payments.

- Allow land to be inspected at any time following notification by the Welsh Government or other authorised persons and provide any document or record the Welsh Government or other authorised persons may require.
- Submit valid and complete claims by the stipulated date using the Single Application Form in the relevant claim year. A claim is not considered valid until all required supporting information is submitted.
- You must submit your claim by the deadline included in your contract. Claims submitted after the deadline will be automatically rejected.

## **Incorrect claims and penalties**

Where we find anomalies in your claim, payments will be reduced to the amount found.

## **Under Declaration**

Failure to declare all the agricultural land/areas on your holding on the SAF (including all owned and rented in land and not just land entered into your Organic Conversion Scheme contract) may result in your payments being reduced.

## **Over-declaration**

Over Declaration penalties will be applied where the area declared for the Organic Conversion Scheme on the Single Application Form (SAF) is more than the determined area. Penalties are calculated using the area declared on your SAF which receive the same rate of aid (referred to as crop groups). In the case of the Organic Conversion Scheme, each Payment Rate is a separate crop group.

Where the area claimed for the Organic Conversion Scheme exceeds the eligible area (e.g., an ineligible feature has been introduced to the contract area), if this is not declared in the Single Application Form in the relevant claim year, any grant paid on the ineligible area will be reclaimed.

If the area is more than either 3% or 2 hectares of the contract area, the area eligible for payment will be reduced by 1.5 times the difference found.

The penalty will not exceed 100% of the amounts based on the area declared.

Below are examples of over-declaration penalties.

### **Example 1:**

An Organic Conversion Scheme claimed area for Payment Rate 1 is declared as 100ha but is determined to be 98.5ha as the claimant has built a new agricultural building on land within the contract. No reduction will apply since the difference is not more than 3% or 2 hectares, but Organic Conversion Scheme payment will be based on 98.5 hectares.

### **Example 2:**

An Organic Conversion Scheme claimed area for Payment Rate 1 is declared as 100ha but is determined to be 90ha as the claimant has planted a new woodland on land within the contract. As the difference is more than 3% or 2 Ha, a penalty will apply. The Organic Conversion Scheme payment will be based on 75 ha, which is 90ha minus 15ha (10ha x 1.5).

## **Breach of Cross Compliance**

You will be responsible for meeting the full Cross Compliance requirements for the full calendar year. If you fail to meet the Statutory Management Requirements or Good Agricultural and Environment Conditions requirements whether negligently or intentionally you could lose some or all of your Organic Conversion Scheme payment, for one or more years. In determining these reductions and exclusions, account will be taken of the extent, severity, permanence and reoccurrence of the non-compliance.

## **Recovery of Payments**

The Welsh Government may recover payments where an approved project for grant assistance has not been completed in full and the application has failed to comply with the terms and conditions of Organic Conversion Scheme contract. The Welsh Government is obliged to enforce the Organic Conversion Scheme rules. Inspections will include checking the accuracy of data submitted in payment claims and supporting documents. They will also cover all the commitments and obligations which can be checked, such as works that have been carried out in accordance with the approved claim.

## **Future Exclusion**

Future exclusion is to ensure the environmental benefits are achieved through the Organic Conversion Scheme by discouraging EoIs from those not committed to undertaking organic conversion for the duration of the contract.

Non-completion of a contract could also prevent other land managers and farming businesses from being selected for the Organic Conversion Scheme.

If the Welsh Government accepts you cannot complete any Organic Conversion Scheme commitments due to demonstrated exceptional circumstances, the commitment will be removed from the contract. Each request will be assessed on a case-by-case basis.

## **Offences**

Regulation 13 of the Rural Development Programmes (Wales) Regulations 2014 (No. 3222 (W.327)) establishes criminal offences and penalties in relation to certain aspects of rural development funding. That Regulation and those offences are applicable to the Organic Conversion Scheme. Examples of offences include knowingly or recklessly providing false or misleading information in relation to rural development funding, obstructing an inspector or official, and refusing to provide information when requested to do so.

## **Section H: transferring or selling land under contract**

Please be aware, Organic Conversion Scheme contracts can be transferred if the farm business which is assuming control of the land agrees to continue with the terms and conditions of the OCS contract. If, however, you sell or transfer land (written or unwritten Tenancy agreement), without the other farm business agreeing to take over the contract, prior to the completion of the contract, your contract will be cancelled, and no payment will be made. Furthermore, payments already made to you during the contract may be recovered.

You will be required to inform the Welsh Government of changes to field parcels within 30 days of the change. These changes include:

- fields not previously registered with RPW (i.e., have not previously been included on the SAF)
- fields which have been permanently divided
- fields which have been permanently amalgamated
- fields which have new boundaries
- fields which have changes to their permanent features.

You will also be required to inform the Welsh Government of changes to land occupation including changes of ownership and any tenancy agreements within the 30 days.

Please use the Manage My Land (MML) Facility via your RPW Online account to notify the Welsh Government of these changes within 30 days of the change.

Failure to notify the Welsh Government within this period may result in a penalty being applied.

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