

SCHEDULE

Regulation 12

Calculating the lump sum payment

Formula

1.—(1) The Secretary of State must apply the formula set out in sub-paragraph (2) to calculate a lump sum payment.

(2) The formula referred to in sub-paragraph (1) is—

$$LS = m \times SRA$$

(3) In sub-paragraph (2)—

- (a) “LS” means the amount of the lump sum payment in pounds sterling (£);
- (b) “m” means a multiplier of 2.35; and
- (c) “SRA” means the specified reference amount, which is the average amount of payments received by the applicant under the basic payment scheme in relation to the payment entitlements activated by the applicant for claim years 2019, 2020 and 2021 before the application of any reductions or penalties by the Secretary of State under—
 - (i) Article 19a of [Regulation \(EU\) No 640/2014\(1\)](#);
 - (ii) Articles 24 to 28 of [Regulation \(EU\) No 640/2014\(2\)](#); or
 - (iii) paragraphs (2)(c) and (d) and (3) to (5) of Article 6 of Commission Implementing [Regulation \(EU\) No 809/2014](#) of 17 July 2014 laying down rules for the application of Regulation (EU) 1306/2013 of the European Parliament and of the Council with regard to the integrated administration and control system, rural development measures and cross compliance(3).

(4) For the purposes of calculating a lump sum payment under this Schedule, where any payment made to the applicant under the basic payment scheme in relation to claim year 2019 is expressed in euros (€), the payment is to be converted into pounds sterling using the exchange rate of 1(€) = 0.89092(£).

Cap of specified reference amount

2. The specified reference amount referred to in paragraph 1(3)(c) must not exceed £42,500.

Deductions from a lump sum payment

3.—(1) The Secretary of State must apply the formula set out in sub-paragraph (4) to calculate a percentage reduction to the applicant’s lump sum payment if the circumstances in sub-paragraph (2) apply.

(2) The circumstances referred to in sub-paragraph (1) are where the total value of payment entitlements referred to in sub-paragraph (3) exceeds—

- (a) the total value of the applicant’s payment entitlements surrendered in accordance with regulation 8 (excluding any payment entitlements leased out after 17th May 2021); and

(1) EUR 2014/640; Article 19a was amended by [S.I. 2019/765](#) (to which there are amendments not relevant to these Regulations), [2020/90](#), [551](#), [1513](#) and [2021/407](#). EUR 2014/640 was incorporated into domestic law by section 1 of the Direct Payments to Farmers (Legislative Continuity) Act 2020 (c. 2).

(2) EUR 2014/640; Articles 24 to 28 of EUR 2014/640 were omitted by [S.I. 2020/1387](#).

(3) EUR 2014/809; Article 6 was amended by [S.I. 2019/765](#) (to which there are amendments not relevant to these Regulations), [2020/90](#), [2020/1513](#) and [2021/407](#). EUR 2014/809 was incorporated into domestic law by section 1 of the Direct Payments to Farmers (Legislative Continuity) Act 2020 (c. 2).

- (b) where relevant, the total value of any payment entitlements leased in by the applicant and which have subsequently been surrendered after 17th May 2021.
- (3) The payment entitlements referred to in sub-paragraph (2) are any payment entitlements activated by the applicant in—
 - (a) claim year 2021;
 - (b) claim year 2020, if no payment entitlements were activated by the applicant in claim year 2021; or
 - (c) claim year 2019, if no payment entitlements were activated by the applicant in claim years 2020 or 2021.
- (4) The formula referred to in sub-paragraph (1) is—
$$x\% = 100 - \left(\frac{PES}{PEC} \right) \times 100$$
- (5) In sub-paragraph (4)—
 - (a) “x” means the percentage reduction applied to the lump sum payment;
 - (b) “PES” means—
 - (i) the total value of the applicant’s payment entitlements surrendered under regulation 8 (excluding any payment entitlements leased out after 17th May 2021); and
 - (ii) where relevant, the total value of any payment entitlements leased in by the applicant and which have subsequently been surrendered after 17th May 2021; and
 - (c) “PEC” means the total value of any payment entitlements activated by the applicant in—
 - (i) claim year 2021;
 - (ii) claim year 2020, if no payment entitlements were activated by the applicant in claim year 2021; or
 - (iii) claim year 2019, if no payment entitlements were activated by the applicant in claim years 2020 or 2021.
- (6) If an applicant receives a relevant payment in respect of claim year 2022 or in respect of a later claim year, the Secretary of State must reduce the total amount of the lump sum payment calculated for that applicant by the amount of any such relevant payment.