

EXPLANATORY MEMORANDUM TO
THE COMMON AGRICULTURAL POLICY (COMPETENT AUTHORITY AND
COORDINATING BODY) REGULATIONS 2014

2014 No. 3260

1. This explanatory memorandum has been prepared by the Department for Environment, Food and Rural Affairs and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

This instrument provides for the functions of the UK Competent Authority and UK Coordinating Body to be exercised jointly by the Secretary for Environment, Food and Rural Affairs, the Scottish Ministers, the Welsh Ministers and the Department of Agriculture and Rural Development in Northern Ireland (“the Ministers”). The UK Competent Authority and UK Coordinating Body are entities required by European legislation, whose role is to ensure that the administration of the Common Agricultural Policy (CAP) within individual member States meets regulatory requirements.

3. Matters of special interest to the Joint Committee on Statutory Instruments

None.

4. Legislative Context

4.1 This instrument replaces S.I. 2001 No. 3020. It is required to take into account the revised European legislation which has come into force as a result of CAP reform. The specific EU Regulations referred to in the instrument are:

a) Regulation (EU) No. 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the CAP,

b) Commission Delegated Regulation (EU) No. 907/2014 supplementing Regulation (EU) No. 1306/2013 with regard to paying agencies and other bodies, financial management, clearance of accounts, securities and use of euro

c) Commission Implementing Regulation (EU) No. 908/2014 laying down rules for the application of Regulation (EU) 1306/2013 with regard to paying agencies and other bodies, financial management, clearance of accounts, rules on checks, securities and transparency.

4.2 However, there will be no changes to current procedures. The instrument effectively maintains the current legal basis under which the UK Competent Authority and UK Coordinating Body operate, but has been updated to reflect new regulatory references. It defines the Competent Authority by reference to its responsibilities, which,

in addition to the accreditation of paying agencies, also include the designation and accreditation of the coordinating body, the designation of any certification body and the nomination of the body in charge of setting up and maintaining a single website for publication of information relating to beneficiaries of the Funds. There will be no change in practice to existing arrangements.

5. Territorial Extent and Application

This instrument applies to all of the United Kingdom

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 Under the CAP, European agricultural subsidies to farmers and other beneficiaries are paid under the following categories:

- Direct payments, that is payments made directly to farmers. The Single Payment Scheme will be replaced in 2015 by a new regime, including a basic payment, a payment for greening and a payment for young farmers;
- Market measures, that is support measures for specific commodities; and
- Rural development measures, that is payments made to beneficiaries for activities designed to promote rural economic growth, enhance the environment and increase the productivity and efficiency of farm and forestry businesses.

Direct payments and market measures are paid from the European Agricultural Guarantee Fund (EAGF), often referred to as Pillar I. Rural development payments are made from the European Agricultural Fund for Rural Development (EAFRD), often referred to as Pillar II. This instrument does not cover the administrative operations of the individual CAP schemes. These are covered in the following separate instruments:

- The Common Agricultural Policy Basic Payment and Support Schemes (England) Regulations 2014;
- The Common Agricultural Policy (Control and Enforcement, Cross Compliance, Scrutiny of Transactions and Appeals) Regulations 2014

7.2 Payments of agricultural subsidies can only be made by accredited bodies (known as paying agencies). Each paying agency must be formally approved under a process of accreditation before it can make payments. As agricultural subsidies are based on the principle of “shared management”, the initial process of accreditation, the continued monitoring of paying agencies to ensure that the accreditation requirements are being

maintained and, if necessary, the withdrawal of accreditation, is the responsibility of each member State. European legislation requires that the body responsible for this process (the “Competent Authority”) must be at Ministerial level.

7.3 Each of the territories of the United Kingdom has its own accredited paying agency. These are:

- in England: The Rural Payments Agency (RPA);
- in Scotland: The Scottish Government Rural Payments Inspections Directorate (SGRPID);
- in Wales: The Welsh Assembly Government (WAG) and;
- in Northern Ireland: The Department of Agriculture and Rural Development (DARD).

7.4 Each paying agency is responsible for the management of all direct payment and rural development schemes within its own territory. Administrative arrangements have been put in place to handle any cross-border claims. The RPA manages all market measures on a UK-wide basis.

7.5 Given this administrative structure, the functions of the UK Competent Authority are undertaken by the Ministers acting jointly. The SI defines the Ministers for this purpose as the Secretary for Environment, Food and Rural Affairs, the Scottish Ministers, the Welsh Ministers and the Department of Agriculture and Rural Development in Northern Ireland. This represents no change to current procedures.

7.6 The Competent Authority is also responsible for appointing a Certification Body, that is a body responsible for conducting annual audits by which it can give an opinion for each accredited paying agency on:

- the completeness, accuracy and veracity of the annual accounts;
- the proper functioning of the internal control systems;
- the legality and regularity of the expenditure; and
- the management declaration of the head of the paying agency.

7.7 In member States such as the UK where there is more than one paying agency, Commission legislation requires the establishment of a “Coordinating Body”. The tasks of the Coordinating Body are defined as follows:

- to collect and send information to the Commission;
- to coordinate and keep the Commission informed of action designed to resolve deficiencies of a common nature; and
- to promote the harmonised application of EU rules.

7.8 Coordinating Bodies are also subject to accreditation by Competent Authorities. The UK Coordinating Body was established, as an independent body, in 2001 and was duly accredited in 2006 (when this became a formal requirement). It is co-located with the RPA in its Reading offices where it is fully integrated in terms of staff, finances and

systems. It reports to, and operates as the Secretariat for, the UK Competent Authority. No change to current procedures is envisaged under this SI.

- Consolidation

7.9 No consolidation is required

8. Consultation outcome

8.1 There was no consultation exercise undertaken. These are legislative functions which require no outside consultation.

9. Guidance

9.1 No guidance or any other form of publicity is required. The instrument sets out no new obligations and is not complex. There is no discernible impact on stakeholders.

10. Impact

10.1 The impact on business, charities or voluntary bodies is negligible.

10.2 The impact on the public sector is also negligible as there is no change from current arrangements.

10.3 An Impact Assessment has not been prepared for this instrument.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 A review of this instrument and an assessment of its effectiveness against its objectives must be conducted every 5 years by the Secretary of State.

13. Contact

Michael Cooper at the UK Coordinating Body Tel: 0118 968 7562 or email: Michael-official.Cooper@ukcb.gsi.gov.uk can answer any queries regarding the instrument.