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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

Parts 2, 3, and 4 of these Regulations are made in exercise of the powers conferred by paragraphs 2(1), 3(1) and (2) and 4(1) and (2) of Schedule 5 to the Agriculture Act 2020 (c. 21) in order to make provision in retained EU law governing the direct payment schemes for securing the continuation of the basic payment scheme in Wales beyond 2020.

Regulations 2, 3, 4, 5 and 6 modify Regulations (EU) No. 1306/2013, 809/2014, 640/2014, 907/2014 and 908/2014 to the extent necessary for the basic payment scheme to function effectively beyond 2020. Those EU Regulations contain some of the rules governing the direct payment schemes as well as other schemes under the Common Agricultural Policy. These Regulations amend that body of law insofar as it relates to the direct payment schemes only.

Regulations 7, 8 and 9 amend Regulation (EU) No. 1307/2013 (“the Direct Payments Regulation”), Regulations (EU) No. 639/2014 and 641/2014. These changes allow the basic payment scheme to function effectively beyond 2020. Regulation 7(4) introduces a new Article 5A to the Direct Payments Regulation which provides the manner in which to determine the direct payments ceiling beyond 2020.

Regulations 2 to 9 also amend the retained EU law relating to the direct payment schemes to—

- (a) simplify the administration of the scheme and make its operation more efficient and effective,
- (b) remove provisions which are spent or not in use,
- (c) remove or reduce burdens on persons applying for, or entitled to, direct payments under the scheme,
- (d) improve the way the scheme operates in relation to persons applying for, or entitled to direct payments under the scheme,
- (e) ensure that sanctions and penalties imposed under the scheme are appropriate and proportionate, and
- (f) limit the application of the scheme to land in Wales only.

Part 4 of these Regulations amend domestic legislation which relates to direct payments.

Regulation 10 amends the Common Agricultural Policy (Integrated Administration and Control System and Enforcement and Cross Compliance) (Wales) Regulations 2014 (S.I. 2014/3223 (W. 328)), in order to secure its operability for the basic payment scheme in Wales beyond 2020. Regulation 10 also inserts a new paragraph into Schedule 1 (*Standards for Good Agricultural and Environmental Condition*) which details the restrictions on converting, ploughing or reseeding environmentally sensitive permanent grassland. This ensures alignment with the changes made by regulation 2 to Regulation (EU) No. 1306/2013.

Regulation 11 amends the Common Agricultural Policy (Control and Enforcement, Cross-Compliance, Scrutiny of Transactions and Appeals) Regulations 2014 (S.I. 2014/3263), and applies in relation to Wales. Regulation 3 (competent authority) of those Regulations is amended to ensure it aligns with the retained EU law relating to direct payments.

Regulation 12 amends the Common Agricultural Policy Basic Payment and Support Schemes (Wales) Regulations 2015 (S.I. 2015/1252 (W. 84)) to ensure it aligns with the changes being made to the retained EU law relating to direct payments by these Regulations.

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Part 5 of these Regulations is made in exercise of the powers conferred by paragraph 1 of Schedule 2 to the European Union (Withdrawal) Act 2018 (c. 16) in order to address failures of retained EU law to operate effectively and other deficiencies arising from the withdrawal of the United Kingdom from the European Union. Regulation 13 amends the Common Agricultural Policy (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2019 (S.I. 2019/688 (W. 132)), which address failures of retained EU law to operate effectively and other deficiencies arising from the withdrawal of the United Kingdom from the European Union. Regulation 13 revokes regulations 2, 4(2) and 5(2) and (3) to align with changes made by these Regulations and by the Common Agricultural Policy (Direct Payments to Farmers) (Miscellaneous Amendments) (Wales) Regulations 2020 (S.I. 2020/104 (W. 17)).

Part 6 of these Regulations is made in exercise of the powers conferred by paragraph 1 of Schedule 2 to the European Union (Withdrawal) Act 2018 in order to correct errors in the Retained EU Law (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2019 (S.I. 2019/1281 (W. 225)) and the Rural Affairs (Miscellaneous Amendments) (Wales) (EU Exit) (No. 3) Regulations 2019 (S.I. 2019/1376 (W. 242)).

The Welsh Ministers' Code of Practice on the carrying out of Regulatory Impact Assessments was considered in relation to these Regulations. As a result, it was not considered necessary to carry out a regulatory impact assessment as to the likely costs and benefits of complying with these Regulations.