

Reductions and Exclusions in the case of non-compliance with contract conditions, option requirements, or linked obligations - Severity Low
Commission Delegated Regulation (EU) No. 640/2014

Severity	Extent	Duration	Consequence of non-compliance		Re-occurrence
			Initial Action/reduction applied	If not rectified within agreed timeframe	
Low	Low – up to and including 10% of area/length/unit	Rectifiable within the scheme year	Warning Letter.	Reduce amount due for option in question* by 10%. & recover any previous payments for the area concerned & reduce future years payments	Double the reduction for each category
		Rectifiable within period of contract.	Reduce amount due for option in question* by 10%.	Reduce amount due for option in question* by 20% & recover any previous payments for the area concerned & reduce future years payments.	
		Not rectifiable within the period of the contract.	Withhold current year and future payments, and recover all previous payments for area affected by the breach , with interest.		
	Medium – over 10% and up to and including 50% of the area/length/unit	Rectifiable within the scheme year	Reduce amount due for option in question* by 10%.	Reduce amount due for option in question* by 20% & recover any previous payments for the area concerned & reduce future years payments.	
		Rectifiable within period of contract.	Reduce amount due for option in question* by 20%.	Reduce amount due for option in question* by 30% & recover any previous payments for the area concerned & reduce future years payments.	
		Not rectifiable within the period of the contract.	Withhold current year for area affected by the breach x 2 and withhold future payments, and recover all previous payments for area affected by the breach , with interest.		
	High – more than 50% of the area/length/unit	Rectifiable within the scheme year	Reduce amount due for option in question* by 30%.	Reduce amount due for option in question* by 40% & recover any previous payments for the area concerned & reduce future years payments.	
		Rectifiable within period of contract.	Reduce amount due for option in question* by 50%.	Withhold current year option payment; reduce future years by area affected by the breach; and recover all previous payments for area affected by the breach , with interest.	
		Not rectifiable within the period of the contract.	Withhold current year option payment; reduce future years by area affected by the breach; and recover all previous payments for area affected by the breach , with interest.		

* percentage reduction applies to all payments made, or to be made, under the relevant option for the year of the finding of the breach

Reductions and Exclusions in the case of non-compliance with contract conditions, option requirements, or linked obligations - Severity High
Commission Delegated Regulation (EU) No. 640/2014

Severity	Extent	Duration	Consequence of non-compliance		Re-occurrence
			Initial Action/reduction applied	If not rectified within agreed timeframe	
High	Low – up to and including 10% of area/length/unit	Rectifiable within the scheme year	Reduce amount due for option in question* by 40%.	Reduce amount due for option in question* by 50% & recover any previous payments for the area concerned & reduce future years payments.	Double the reduction for each category
		Rectifiable within period of contract.	Reduce amount due for option in question* by 50%.	Reduce amount due for option in question* by 60% & recover any previous payments for the area concerned & reduce future years payments.	
		Not rectifiable within the period of the contract.	Withhold current year and future payments, and recover all previous payments for area affected by the breach , with interest.		
	Medium – over 10% and up to and including 50% of the area/length/unit	Rectifiable within the scheme year	Reduce amount due for option in question* by 60%.	Reduce amount due for option in question* by 70% & recover any previous payments for the area concerned & reduce future years payments.	
		Rectifiable within period of contract.	Reduce amount due for option in question* by 70%.	Reduce amount due for option in question* by 80% & recover any previous payments for the area concerned & reduce future years payments.	
		Not rectifiable within the period of the contract.	Withhold current year option payment; reduce future years by area affected by the breach; and recover all previous payments for area affected by the breach , with interest.		
	High – more than 50% of the area/length/unit	Rectifiable within the scheme year	Reduce amount due for option in question* by 90%.	Reduce amount due for option in question* by 100%. & recover previous years payment & reduce future years payments.	
		Rectifiable within period of contract.	Reduce amount due for option in question* by 100%.	Withhold current year and all future years option payments, and recover all previous payments for option in question , with interest. Also exclude from the same measure or type of operation for the calendar year of the finding and for the following calendar year.	
		Not rectifiable within the period of the contract.	Recover all previous payments for option in question , with interest and exclude from the same measure or type of operation for the calendar year of the finding and for the following calendar year.		

* percentage reduction applies to all payments made, or to be made, under the relevant option for the year of the finding of the breach

