

# National Reserve Full Guidance

**This is an old version of the page**

**Date published: 5 April, 2022**

**Date superseded: 5 January, 2024**

For recent changes to this guidance, please see the [bottom of the page](#) .

## Table of Contents

[Introduction](#)

[National Reserve Overview](#)

[How to apply](#)

[Transfer of Entitlements](#)

[Appeals and Complaints](#)

[Appendix A](#)

[Recent changes](#)

[Previous versions](#)

[Download Guidance](#)

## Introduction

These notes cover the National Reserve. Please read them carefully so you understand the rules of this mechanism for new entrants and young farmers to get an allocation of payment entitlements.

You are advised to take independent professional advice to make certain you understand what you are applying for.

### **Before you apply**

If you are a new customer you must register your business details.

[The easiest way to do this is online](#)

You can also download the form below to register or re-register.

[PF01 – Register a Business Form](#)

You must provide us with the National Insurance numbers for all members of the business.

If you plan to declare land on your Single Application Form which was not previously registered with us you must complete [PF06 – Land Maintenance Form](#) and provide supporting maps to register it.

Hard copies of these forms are available from your local area office.

[Contact us](#)

### **Artificiality**

We will undertake checks on all applications to make sure they are genuine.

You won't be eligible for entitlements if you have artificially created the conditions to qualify for an allocation. Seeking to obtain an advantage in this way is contrary to the objectives of the scheme.

## National Reserve Overview

The National Reserve is the name we give to the pool of money taken from the total funds available for the Basic Payment Scheme in Scotland.

It is used to allocate payment entitlements, as a priority, to Young Farmers and New Entrants to farming.

National Reserve entitlements will be allocated based on the payment region your land is in.

[You can find out more about payment regions here](#)

The National Reserve will be replenished annually from a number of sources, including:

- any Basic Payment Scheme entitlements that have not been activated for payment during two consecutive years
- any Basic Payment Scheme entitlements voluntarily returned or found to have been unduly allocated
- reducing the value of already allocated Basic Payment Scheme entitlements. This would be done to ensure there is enough budget to meet the demand from New Entrants and Young Farmers applying to the National Reserve, or to respond to court rulings

### Key dates

- 15 May - the deadline for the Single Application Form (SAF) and all supporting documentation without penalty
- 9 June – deadline to make amendments to your SAF or submit supporting documentation that will be subject to late penalties

### National Reserve categories

From 2016 onwards, the only route to entitlement allocation is via the National Reserve and there are two categories you can apply under, they are:

- New Entrant - if you started an agricultural activity in 2013 or later and did not have activity in your own name or at your own risk in the five years preceding the start of the activity
- Young Farmer - if you are less than 41 years of age on 31 December of the year you apply for an award and are setting up for the first time an agricultural holding as head of the holding.

If your business holds an allocation of payment entitlements or has previously been successful under any of the National Reserve categories, you will not be able to receive a further allocation in subsequent years, for any additional land you may have taken on. Any subsequent application which you make will be rejected.

### New Entrants

This category is available to sole traders, partnerships, or a legal person, for example a limited company, that started farming in 2013 or later.

- if you wish to be considered for entitlements as a sole trader, you must not have carried out any agricultural activity in your own name or at your own risk in the five years before the start of your current farming activity
- if you wish to be considered for entitlements as a partnership, none of the partners can have carried out any agricultural activities in their own name or at their own risk, or as the person in control of, for example, a limited company (i.e. legal person), in the five years before the start of the partnership's current agricultural activity

For legal persons, the controlling members must not have carried out agricultural activities in their own name or at their own risk.

Also, they should not have had the control of a legal person exercising an agricultural activity, in the five years before the start of the current agricultural activity exercised by the legal person.

Working on a farm (for example, as a farm manager or a farm labourer) would not be considered as undertaking an agricultural activity.

You must submit your first application for Basic Payment Scheme no later than two years after the calendar year in which you started the current agricultural activity.

This means that if your business started in 2014, the last year in which you can apply to the National Reserve is 2016.

Documentary evidence must be submitted with your application to confirm the date the agricultural activity commenced. This could be one or more of the following:

- confirmation of the date the holding was registered
- registration with ScotEID ScotMoves+ system / Animal Movement Licensing System (AMLS)
- animal record books
- pesticide records

If your National Reserve application is successful and you have submitted a Single Application Form, declaring at least three hectares of eligible land, and you meet the criteria for being an active farmer, you will be allocated a number of Basic Payment Scheme entitlements.

This will be equal to the number of eligible hectares that you declare on your Single Application Form and that are 'at your disposal' on 15 May.

They will be valued at the average entitlement rate per payment region in the year they are allocated.

### **Young Farmers**

This category is available to sole traders and members of partnerships or limited companies who are less than 41 years of age on 31 December of the first year they apply for the Basic Payment Scheme.

They must be setting up for the first time as head of holding or have control of a partnership / legal person (eg, limited company) in the five years before submitting their first application for Basic Payment Scheme.

This could be setting up a new business or taking over an existing business.

- the minimum age of the Young Farmer becoming head of holding or taking control as a sole trader or partnership is 16 years of age at the time that they become head of holding or take control of the partnership
- the minimum age of the Young Farmer becoming head of holding or taking control of a legal person (for example, a limited company) is 16 years of age at the time that they become head of holding or take control of the legal person

### **Sole trader**

If you wish to be considered for entitlements as a sole trader, in addition to being less than 41 years of age on 31 December of the first year you apply for the Basic Payment Scheme, you must have set up a new farming business as head of that business.

### **Partnership**

- if you wish to be considered for entitlements under the Young Farmer category and are a partnership, at least one member of the partnership must qualify as a young farmer, i.e. must be less than 41 years of age on 31 December in the year they apply to the National Reserve
- the young farmers must individually hold a minimum of 25 per cent of the capital of the business
- if one or more young farmers is in partnership with other partners who do not qualify as young farmers, there must be a legal agreement which demonstrates that the young farmers have control of the business as regards day-to-day management, financial planning and long term business strategy
- the legal agreement must specify that partners who are not young farmers cannot exercise control of the business against the wishes of the young farmers

### **Limited company**

- if you wish to be considered for entitlements under the Young Farmer category and are a limited company, at least one member of the company must qualify as a young farmer, i.e. must be less than 41 years of age on 31 December in the year in which they apply to the National Reserve
- if the limited company has shareholders who do not qualify as young farmers, the member who qualifies as a young farmer must be capable of exercising effective control of the company as the majority shareholder
- if the controlling majority is held by more than one young farmer, there must be a legal agreement that they will vote together to ensure they cannot be out-voted by other shareholders who do not qualify as young farmers
- cross checks will be undertaken with information held on Companies House to verify information supplied regarding the make-up of limited companies. Where such checks prove inconclusive or contradictory, further documentary evidence may be requested in support of the application

### **Evidence**

Documentary evidence must be provided in all cases to prove date of birth, either a birth certificate, passport or driving licence.

In all cases you must also submit documentary evidence with your application to prove that the Young Farmer is head of the business or has control of the partnership / legal person. This could be one or more of:

- company Articles of Association
- company annual returns specifying shareholdings
- accountants / solicitors letter confirming partnership constitution
- business accounts which specify share of capital held by individual partners
- bank letter confirming who has the authority to sign cheques
- any other documentary evidence you feel is appropriate or which we may reasonably request when considering an application

## Allocation

If your National Reserve application is successful and you have submitted a Single Application Form declaring at least three hectares of eligible land you will be allocated a number of Basic Payment Scheme payment entitlements.

These will be equal to the number of eligible hectares that you declare on your Single Application Form and that are 'at your disposal' on 15 May.

The Basic Payment Scheme payment entitlements will be valued at the average entitlement rate per payment region classification in the year they are allocated.

There is an additional payment under the Basic Payment Scheme for Young Farmers called the [Young Farmer payment](#) which will need to be claimed for on the 2015 Single Application Form.

## Activating National Reserve entitlements

All Basic Payment Scheme payment entitlements, including entitlements allocated from the National Reserve, can only be activated using land in the Scottish payment region in which they have been allocated.

## Usage rules

All Basic Payment Scheme payment entitlements, including entitlements allocated from the National Reserve, are subject to a two-year usage rule.

From 2016 inclusive, over any two-year period you must activate (use) all of your Basic Payment Scheme payment entitlements in at least one year.

Therefore it will not be possible to rotate entitlements using some in year one and the remainder in year two.

If you lease your Basic Payment Scheme entitlements out, you will be relying on that farmer to ensure the two-year usage rule is met.

If leased-in Basic Payment Scheme entitlements are not activated during the rolling two-year period they will revert to the National Reserve.

For example:

In the case of a farmer who had 50 Basic Payment Scheme entitlements allocated (and activated) in 2015, who then activates 30 Basic Payment Scheme entitlements in 2016 and 50 Basic Payment Scheme entitlements in 2017, they will have activated all 50 entitlements at least once in the two-year period

However, if they had activated only 40 entitlements in 2017, they have not activated all 50 entitlements once in the two year period and the 10 entitlements not used will be withdrawn and revert to the National Reserve.

If you have entitlements in more than one region then usage will be considered within each region allocation. Where you have entitlements within the same region which have different values then the lowest value entitlements (owned or leased-in) will revert to the National Reserve first.

You may be exempt from the two-year usage rule if you can prove that you (or your business) were subject to exceptional circumstances or a force majeure event, which prevented you from activating the entitlements for the relevant Basic Payment Scheme year.

## How to apply

There is no paper application for National Reserve, to submit an application to the National Reserve you must complete your SAF online as the application is contained within the SAF.

If your business holds an allocation of payment entitlements or has previously been successful under any of the National Reserve categories, you will not be able to receive a further allocation in subsequent years, for any additional land you may have taken on. Any subsequent application which you make will be rejected.

We require originals of some documents.

Postage and delivery of your application and supporting information is your responsibility. Any delay in receiving your information may result in penalties or rejection, and subsequent loss of payments.

If you are sending supporting evidence by post, recorded delivery is advisable. However, recorded delivery is not a guarantee that your documentary evidence will be received by us before the deadlines mentioned above.

Original documents received by post will be copied and sent back to you by return. Original documents brought in to one of our offices will be copied and returned to you at the time.

### **Cross-border holdings**

If you have land in Scotland and wish to be considered for Scottish entitlements, you need to apply as set out above.

If you wish to be considered for Basic Payment Scheme entitlements in another part of the UK you should complete the application form from the relevant paying agency in England, Wales or Northern Ireland.

## Transfer of Entitlements

Guidance about the transfer of Basic Payment Scheme payment entitlements through sale, lease or inheritance can be found in the [Transfer of Entitlements Guidance](#).

You must read this guidance carefully before you complete a [PF23 – Application to transfer entitlements form](#).

RPID also has a specialist unit to help with queries about the transfer notification process. If you need further information after reading this guidance, please contact:

### **Elgin, Inverurie, Galashiels or Dumfries please contact:**

Stornoway RPID Transfer Unit  
E-mail: [sgrp.id.stornoway@gov.scot](mailto:sgrp.id.stornoway@gov.scot)  
Telephone: 0300 244 8501

### **Lerwick, Kirkwall, Thurso, Golspie, Inverness, Portree, Stornoway, Benbecula or Oban please contact:**

Benbecula RPID Entitlement Transfer Unit  
E-mail: [sgrp.id.benbecula@gov.scot](mailto:sgrp.id.benbecula@gov.scot)  
Telephone: 0300 244 9600

### **Perth, Hamilton or Ayr please contact:**

Oban RPID Entitlement Transfer Unit  
E-mail: [sgrp.id.oban@gov.scot](mailto:sgrp.id.oban@gov.scot)  
Telephone: 0300 244 9340

Please note, this guidance does not cover the transfer of entitlements for:

- business splits

- business mergers
- whole holding transfers

There is specific guidance and requirements to be considered before these types of transfer can be authorised.

[Contact your local RPID area office](#) for further information.

## [Appeals and Complaints](#)

If you wish to know more about making an appeal or a complaint please check out these links

- [Appeals](#)
- [Complaints](#)

## [Appendix A](#)



[Transfer agreement \(PDF, Size: 55.0 kB\)](#)

doc\_external\_url: <https://www.ruralpayments.org/media/resources/Example-of-a-sale-or-other-means-of-agreement.pdf> Example of Transfer Agreement

## [Recent changes](#)

Section	Change
National Reserve overview - Sole trader, Partnerships, Limited company and Evidence	We've updated these sections with text clarifications to make sure the guidance is consistent.
Usage rules	We've added some extra text regarding allocations in more than one region

## [Previous versions](#)

[Previous versions of this page](#)

## [Download Guidance](#)

### **Download guidance**

Click 'Download this page' to create a printable version of this guidance you can save or print out.