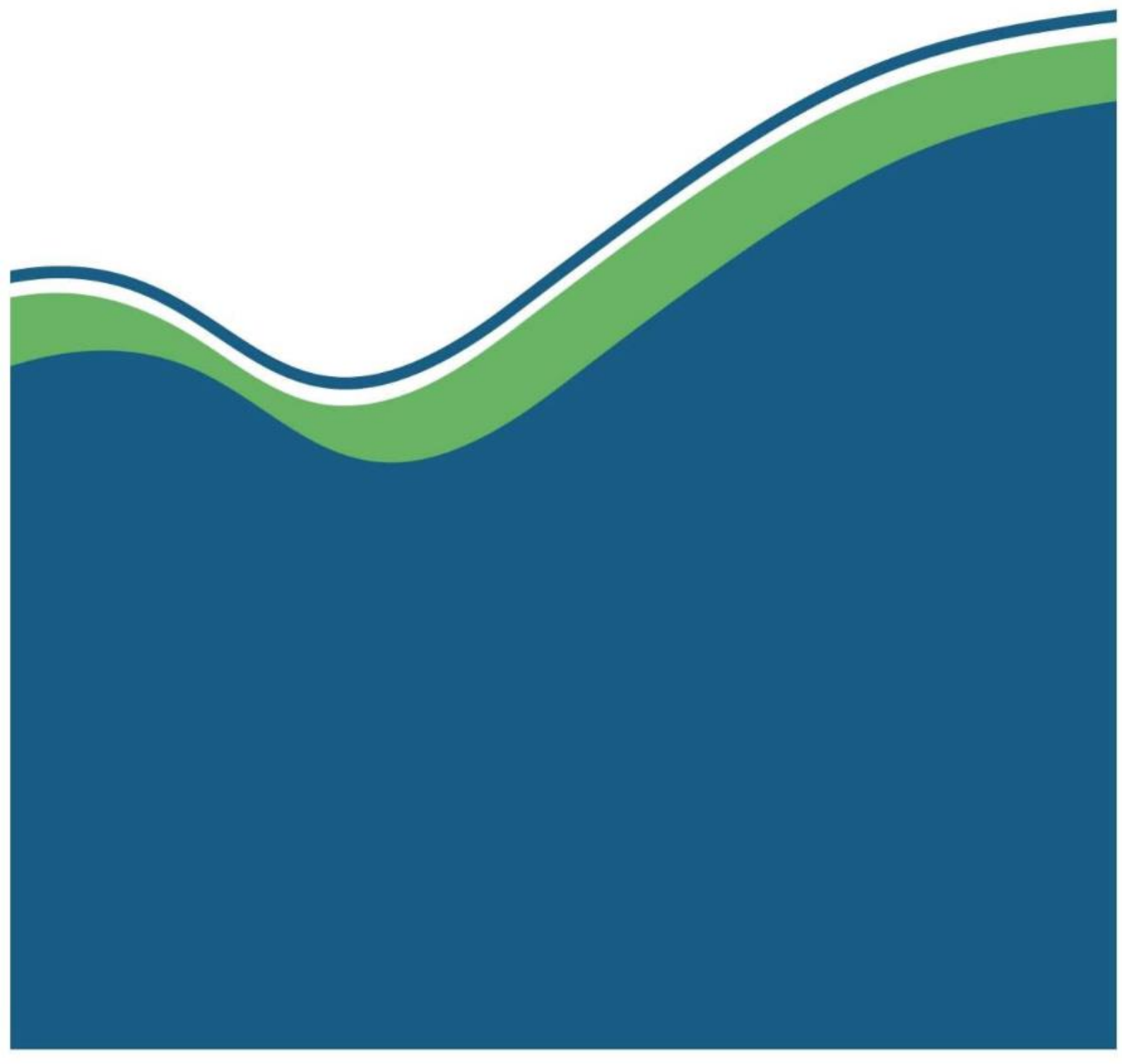




SEPA River Restoration Compensation Scheme applicant guidance



Contents

1. Summary of application process.....	3
2. Background.....	3
3. Eligibility criteria.....	4
4. Compensation.....	6
5. How do I apply?.....	8
6. Further assistance.....	9

1. Summary of application process



2. Background

The SEPA River Restoration Compensation Scheme aims to encourage participation in river restoration projects by ensuring that farmers are not financially disadvantaged by changes to land use which occur as a result of restoring natural river processes and habitats.

Funding will be provided through the scheme to compensate farmers for income foregone for loss of agriculturally productive land resulting from river restoration.

The scheme is open to farmers in Scotland whose land is adjacent to rivers with improvement objectives for their physical condition. These rivers are identified in the *River basin management plans for Scotland*. The Scottish Environment Protection Agency (SEPA) has identified priorities within this list and will be seeking to contact farmers to discuss possible restoration measures for priority water courses. Only restoration projects that are of sufficient scale, either by itself or with other projects, to deliver a significant improvement to physical condition will be considered for compensation.

The scheme is a component of Scotland's restoration delivery framework which was introduced by the Scottish Government in 2015. The scheme is administered under the Water Environment Fund (WEF) which is managed by SEPA.

The legal basis for the scheme is Section 37 of the Environment Act 1995, as read with Section 47. The scheme falls within the EU State Aid Guidelines 1.1.6 for 'Aid for disadvantages related to Natura 2000 areas and to the Water Framework Directive' and has been approved by the European Commission as scheme SA.43178.

3. Eligibility criteria

You must ensure you meet the following criteria before applying for compensation:

3.1 Agricultural activity

To be eligible for the compensation scheme you must be an active farmer who undertakes an agricultural activity. For the purposes of this scheme a farmer is defined as a person or business whose holdings (production units) are situated within Scotland and who exercises an agricultural activity. To qualify as an active farmer, your farm business must satisfy one of the following activities:

- Production, rearing or growing of agricultural products, including harvesting, milking, breeding and keeping animals for farming purposes.
- Maintaining an agricultural area in a state suitable for grazing and cultivation.
- Carrying out a minimum activity on agricultural areas which are naturally kept in a state suitable for grazing or cultivation without any preparatory works.

All categories of enterprise (micro, small, medium and large) are eligible for support under the scheme.

An agricultural activity can include:

- horticulture;
- fruit growing;
- arable cropping;
- seed growing;
- dairy farming;
- livestock breeding and keeping;
- use of the land as grazing land;
- meadowland;
- osier land;
- market gardens and nursery grounds;
- use of land as woodland where that use is ancillary to the use of the land for other agricultural activities.

Letting land to another person to carry out an agricultural activity, where you retain some responsibility for the management of the land, e.g. letting land on a grazing licence or short term tenancy for grazing, is also considered to be an agricultural activity.

3.2 Land ownership status

To be eligible, you must either own and occupy the land or have an agricultural tenancy and be able to demonstrate the legal right to carry out the restoration project. This also includes landowners/tenants who manage land on a seasonal basis. You will not qualify for the scheme if you have rented your land out to another person for their exclusive occupation.

3.3 Land type and productivity

Arable and grassland land types are eligible for the scheme. Land must have been in productive use for at least three of the last five years. The following types of land will not be eligible for compensation scheme funding:

- Land that, once the restoration work has been completed, falls within the Good Agricultural and Environmental Condition (GAEC) compliance standards.¹
- Non-agricultural land.
- Common land.
- Land that has been in productive use for less than three of the last five years.

3.4 River basin management plan objectives

The restoration project needs to be of sufficient scale to deliver a significant improvement to the physical condition of the water course. Improvement objectives for physical condition are identified in the *River basin management plans for Scotland*, shown in Figure 1 (for further details see the [SEPA website](#)).

We will be seeking to contact farmers to discuss possible restoration measures for priority water courses.

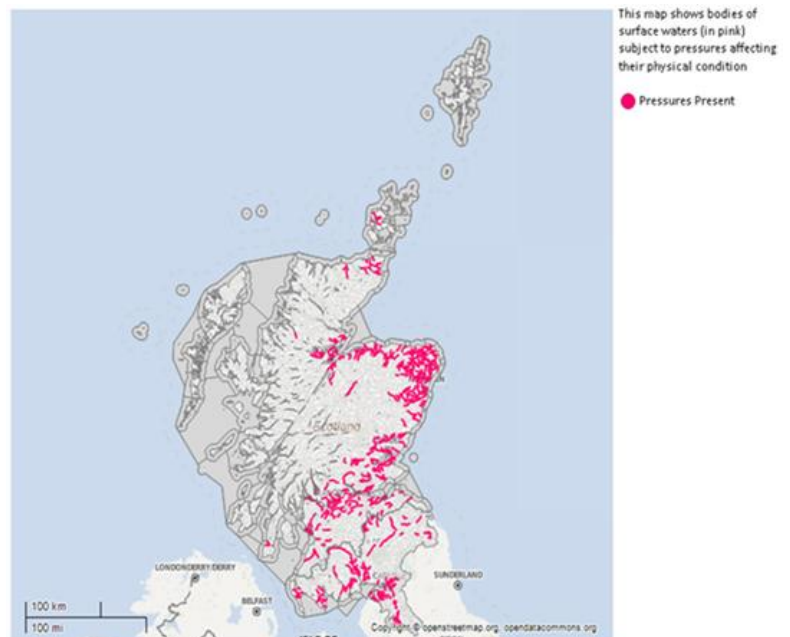


Figure 1: Rivers in Scotland where physical condition pressures are present

¹ GAEC rules 1 and 7 restrict land managers from cultivating or applying fertilisers or pesticides to land within 2m of the centre line of a hedgerow or the top of the bank of a surface water feature. This area will not be eligible for compensation.

3.5 Public funding

EU and government funding is available to land managers for a range of schemes. It is possible that the restoration project qualifies you for funding under a UK Government or other European funding programme. Compensation for income foregone under the SEPA River Restoration Compensation Scheme is not available for areas of land that are already funded by another scheme. Land not included in the compensation scheme will still qualify for other schemes. Note that the permanent change to adjacent land use resulting from the restoration project is likely to exclude that land from Basic Payment Scheme entitlements as the land will no longer be used for an agricultural activity.

4. Compensation

4.1 Compensation for income foregone to productive land

Compensation will be paid to all eligible applicants who have agreed to participate in an approved restoration project. 100% of the eligible area of land will be paid. This includes:

- land taken out of productive use during the construction phase of the restoration project;
- land no longer in productive use once the project has been completed.

Payment for both types of income foregone will be made as a single payment following completion of the restoration.

4.2 Compensation payment estimates

An indication of the information required to estimate the compensation payment is provided in the table on page 7. A similar table forms part of the application form. These estimates are illustrative and actual payment will be based on the following measurements:

- Area of land temporarily affected to allow restoration works to progress; and
- Land permanently affected after the works complete.

SEPA will instruct a surveyor to take these measurements.

5. Compensation Estimate

If compensation is awarded it will be paid following completion of the restoration activity.

Permanent change to land use

Category	Area (Ha) [A]	Payment rate/Ha [B]		Estimated award [A] x [B]
Arable land proposed to be taken out of productive use to permit restoration	0	£2475.00		£0.00
Grassland proposed to be taken out of productive use to permit restoration	0	£615.00		£0.00
Estimated compensation award - Permanent change (Arable + Grassland)				£0.00

Temporary change to land use

Category	Area (Ha) [A]	Payment rate/Ha (per month) [B]	Months of disruption [C]	Estimated award [A] x [B] x [C]
Additional arable land temporarily impacted during construction phase	0	£41.25	0	£0.00
Additional grassland land temporarily impacted during construction phase	0	£10.25	0	£0.00
Estimated compensation award - Temporary change (Arable + Grassland)				£0.00
Total estimated compensation award (Permanent + Temporary)				£0.00

5. How do I apply?

5.1 Application process

Once the detailed design plans for the restoration project have been completed and the area of agricultural land affected has been estimated, an application form should be downloaded from the [SEPA Water Environment Fund web page](#) and submitted to SEPA as instructed on the form.

Proof that you are the land manager and that the land to be compensated for meets the eligibility criteria are required. If you have previously applied for rural payments, land use information will be held with the Scottish Government Rural Payments Department. SEPA and the Scottish Government have an agreement to share this information so you will not be required to submit this to SEPA. You will be asked on the application form for permission for SEPA to access this information. Otherwise you will be required to submit proof of land use for the area to be compensated.

Photographs of the area to be designated for compensation and the detailed design of the restoration project will be required to be submitted along with your application form if the project is not funded through WEF.

Submitted applications will then be assessed by SEPA. SEPA will aim to assess your application and notify you of the outcome within 21 working days.

5.2 Compensation award

If your application is successful, SEPA will send to you, by post, a letter and funding agreement outlining your award and the terms and conditions of the agreement. You will be required to return a signed copy of the funding agreement to SEPA.

At the end of the restoration project works SEPA will visit the site to measure and confirm the actual area affected and provide you with instructions on how to claim compensation. You will then need to submit a claim form to SEPA. Payment will be made within 30 days of confirming satisfactory completion of the work and the area of land in each category affected.

5.3 Repayment triggers

Under certain circumstances, if you withdraw from the project you may be required to repay the funding. These circumstances include:

- The land being returned to productive use.
- Where the land manager engages in or permits an activity that will change or alter the completed improvement works in such a way that they no longer deliver the environmental benefits they were built to achieve.
- The land manager ceases to own the land or have agricultural tenancy and has not transferred the funds to the new land manager.
- The site ceases to meet the land eligibility criteria.

5.4 Large enterprises

A large enterprise is defined as an organisation with greater than 250 employees and an annual turnover of greater than EUR 50 m. **The following section only applies to organisations falling within this category.**

In order to meet State Aid requirements, large enterprises are required to describe the situation that would exist if aid were not granted. This counterfactual scenario must clearly show the position the enterprise will be in if no aid were to be granted, and it should show how the granting of aid incentivises the enterprise to engage with the project. Documentary evidence is required in support of the counterfactual scenario described. Contact SEPA for details of acceptable documentation.

6. Further assistance

Should you have any further questions, please contact SEPA's [restoration inbox](mailto:restoration.inbox@sepa.org.uk) (restoration.proposals@sepa.org.uk).

Phone: 01349 860370

Address: SEPA WEF Administration, Graesser House, Fodderty Way, Dingwall, IV15 9XB

Useful websites, documents and online tools

- [The river basin management plans for Scotland and the Solway Tweed](#)
Sets out the 2015-2027 strategy and plan for improvement of Scotland's water environment
- [The Water Environment Hub for Scotland](#)
An interactive data and analysis tool for accessing information on Scotland's water environment
- [Improving the physical condition of Scotland's water environment - a supplementary plan for the river basin management plans](#), Natural Scotland
Scotland's strategy for improving the physical condition of the water environment
- www.sepa.org.uk/environment/water/water-environment-fund/
Information about Scotland's Water Environment Hub, including the compensation scheme
- http://ec.europa.eu/environment/water/water-framework/index_en.html
European legislation for the water environment: Water Framework Directive