



MODEL CONACRE LICENCE AGREEMENT

4th Edition

CONACRE LICENCE AGREEMENT

PARTICULARS

Date

Licensor
(Landowner)

Address

.....

Licensee
(Person taking the Land)

Address

.....

Licence Period From Until.....
(Note: For the purpose of LFACA Scheme, this period must include the period 1 April to 31 October of the year concerned).

The Conacre Rent is

Details of the Land covered in this Agreement

| Farm Survey Number | Field Number | Total Field Area (ha) | Comments (if applicable) |
|--------------------|--------------|-----------------------|--------------------------|
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Continue on a separate sheet if necessary

LICENCE AGREEMENT

THIS LICENCE is made on the Date set out in the Particulars between the **Licensor (Landowner)** and the **Licensee (Person taking the Land)** as named in the Particulars.

IT IS AGREED as follows:

1. THE RIGHTS

The Licensor grants the Licensee the Rights for the Licence Period as described in the Particulars in accordance with the terms of this Agreement and subject to any conditions as described in the Particulars and the Obligations Affecting the Rights as may be set out in Schedule 1.

2. LICENCE

The Licensor permits the Licensee to enter onto the Land to the extent necessary to exercise the Rights and for no other purposes during the Licence Period on the terms set out in this Licence. For the avoidance of doubt the Land remains exclusively at the disposal of the Licensor throughout the Licence Period subject only to the Rights and the Licence hereby granted to the Licensee.

3. CROSS COMPLIANCE

The Licensor agrees that:-

- (a) He/She shall not carry out any activity on or in relation to the Land to which this Licence relates or in relation to any animals which are or have been at any time kept on the Land in pursuance of this Licence and which is contrary to Cross Compliance requirements¹; and
- (b) He/She shall carry out any activity (other than an activity which the Licensee is required to carry out under sub paragraph (d) below) which is required for the purposes of compliance with those requirements.

The Licensee agrees that: –

- (c) He/She shall not carry out any activity on or in relation to the Land to which this Licence relates or in relation to any animal which is or has at any time been kept on the Land in pursuance of this Licence and which is contrary to Cross Compliance requirements; and
- (d) He/She shall carry out any activity on or in relation to such Land and such animals and which is required for the purposes of compliance with those requirements and which he is entitled to carry out under the rights granted by this Licence or otherwise.

¹ “Cross Compliance requirements” means the Statutory Management Requirements and the requirements to maintain land in Good Agricultural and Environmental Condition required under EU legislation for entitlement to SFP or LFACAS as summarised and explained by the document “Cross Compliance Verifiable Standards Summary” published by the Department of Agriculture and Rural Development and revised on 1st January 2012.

4. SINGLE FARM PAYMENT SCHEME

The parties agree that the Licensor (and not the Licensee) shall be exclusively entitled to include some or all of the Land to which this Licence relates in an application for Single Farm Payment.

5. LESS FAVOURED AREA COMPENSATORY ALLOWANCES SCHEME (LFACAS)

The parties agree that the Licensee (and not the Licensor) shall be exclusively entitled to include some or all of the Land to which this Licence relates in an application for the LFACA Scheme and shall be the only party entitled to use that Land for grazing and cutting purposes for the period required for eligibility for the LFACA Scheme (1st April to 31st October).

6. TERMINATION

The Rights and this Licence shall terminate if either party (Licensor or Licensee) commits any grave breach or persistent breaches of this Licence and having been given written notice by the other party of such breach or breaches fails to rectify such breach or breaches within such period as may be specified (if capable of rectification).

7. OTHER AGREEMENTS BETWEEN LICENSOR AND LICENSEE

a. The Rights and this Licence are personal to both the Licensor and the Licensee and shall not be capable of being assigned or otherwise dealt with, i.e. Land shall not be sub-let.

b. The Licensee enters into this Agreement wholly in reliance on his/her own investigations about the Land and not in reliance on anything said or done by the Licensor or his/her Agent.

c. This Agreement is the entire agreement.

d. Both parties agree not to do or cause to be done anything which interferes with the other party's ability to meet his/her obligations for Cross Compliance or any Management Agreement.

e. Both parties agree not to do or cause or permit to be done any act or thing on or near the Land which may be or become a nuisance or inconvenience or cause damage.

f. Should either party breach this Agreement he/she agrees to indemnify the other party for all consequent losses and expenses insofar as they relate to this Licence.

8. COVENANTS

The Licensee agrees with the Licensor:

a. To pay to the Licensor the Conacre Rent as detailed in the Particulars.

b. Not to include the Land (or any part of it) in any claim for the Single Farm Payment.

c. Not to include the Land (or any part of it) in any claim for other subsidy (excepting the LFACA Scheme) or grant scheme nor enter any Management Agreement in relation to the Land except by agreement with the Licensor.

d. To allow the Licensor and persons authorised by the Licensor full access to the Land at all reasonable times for the exercise of the Licensor’s own business activities and enjoyment of the Land or to carry out such agricultural activity as is required to meet Cross Compliance obligations as described in this Licence.

e. To comply with the Licensee’s Obligations Affecting the Rights listed in Schedule 1.

The Licensor agrees with the Licensee:

f. Not to include the Land (or any part of it) in any claim for the LFACA Scheme.

SCHEDULE 1 - Licensee’s Obligations Affecting the Rights

This deals with obligations that may be set out and may vary from Agreement to Agreement or at the Licensor’s or his/her Agent’s discretion. It can also be used to contain Special Conditions by field number if required. Please see explanatory notes for examples of common obligations.

The Licensee shall:

Signed by the Licensor (or his/her Agent)
(Landowner or the Landowner’s Agent)

Signed by the Licensee
(Person taking the Land)



MODEL CONACRE LICENCE AGREEMENT

EXPLANATORY NOTES

4th Edition 2012

RICS NI

MODEL CONACRE LICENCE AGREEMENT

This Model Conacre Licence Agreement and the accompanying notes were first produced in 2005 by members of the Land Group of the Royal Institution of Chartered Surveyors (RICS) in Northern Ireland, in response to a variety of issues raised by the introduction of the Single Farm Payment Scheme (SFP). This Fourth Edition has been adapted in conjunction with the Department of Agriculture & Rural Development (DARD) and the Ulster Farmers' Union (UFU) and can be used to support the SFP and the LFACA Scheme dual use claims².

Notes to the Agreement

This Agreement has been laid out to suit the circumstances of a conacre agreement so that both parties understand their rights and obligations and also to satisfy the requirements of the SFP Scheme, LFACA Scheme and related schemes/regulations.

PARTICULARS

This provides easy reference to the unique details of the agreement.

- The **Date** is the date of signing the Agreement.
- The **Licensor** is the person letting the Land
- The **Licensee** is the person taking the Land.
- The **Licence Period** is the period during which the Licensee may exercise his/her Rights under the terms of the Agreement.
- The **Conacre Rent** is the amount of rent to be paid during the licence period. The agreement can also specify when payment(s) is due if appropriate.

It is important to specify the full details of the Land as this will relate to the Farm Survey Number and Field Number registered with the Department of Agriculture & Rural Development and used by it for administration of the various land-based schemes that may be in operation.

If there are additional specific Rights or Special Conditions on what the Land is to be used for, e.g. "to graze cattle or sheep" and/or to cut for silage/hay or "to grow spring barley" or to stipulate stocking rates and dates for removal of different types of livestock etc., these should be detailed at Schedule 1 as required. This would be particularly relevant if the Land is entered into some form of management agreement, such as the Countryside Management Scheme.

² SFP and LFACA dual use claims are normally caused by the Licensor claiming SFP and the Licensee claiming LFACA on the same land parcel. Where this occurs, it is a requirement of the LFACA Scheme that a written, signed conacre licence agreement is in place to support each party's subsidy claim on the dual use land

LICENCE AGREEMENT

The body of the agreement is designed to cover the main legal points that would normally be expected to be contained within all conacre agreements.

- **Paragraph 1** links the Rights to the body of the Agreement and to the Schedule.
- **Paragraph 2** explains the meaning of a Licence.
- **Paragraph 3** sets out the agreement on Cross Compliance between both parties³
- **Paragraph 4** explains how the Single Farm Payment (SFP) will be claimed. Note that this Agreement is for the Licensor to claim SFP. It is important that the Licensor realises that he/she must have the Land at his/her disposal on 15th May in order to claim Single Farm Payment. This is provided for in Paragraph 2.
- **Paragraph 5** explains how the Less Favoured Area Compulsory Allowance Scheme (LFACAS) payment will be claimed. The eligibility period for this Scheme runs from 1 April to 31 October inclusive. It would be prudent to mention the arrangement for this in Schedule 1.
- **Paragraph 6** deals with termination. There are many other clauses that could be entered here, e.g. bankruptcy, death, reasonable notice etc. but this clause provides the Licensor with a remedy against continued breaches of the Agreement. This may be particularly relevant where Cross Compliance is an issue.
- **Paragraph 7** includes any other agreements that are deemed relevant.

COVENANTS

- **Paragraph 8** includes the specific obligations of the parties to the Agreement. These should generally be included in all agreements.

Licensee's covenants:

- These are of particular importance and relate to Cross Compliance and Single Farm Payments and other legislation.

Licensor's covenant:

- This is of particular importance and relates to the Less Favoured Areas Compensatory Allowances Scheme.

Schedule 1- Licensee's Obligations Affecting the Rights

- This deals with obligations that may be set out and may vary from Agreement to Agreement or at the Licensor's or his/her Agent's discretion. It can also be used to contain Special Conditions by field number if required.

Examples of common obligations include:

- Length of grazing season
- Type of livestock on the Land
- Compliance with other schemes e.g. agri-environment schemes

Annex

The need for a new model conacre licence agreement

Since the introduction of the Integrated Agricultural Control System (IACS) in 1991, there has been increasing government monitoring on the use of agricultural land. This culminated in the introduction of the Single Farm Payment System in 2005. Some form of written evidence of a conacre agreement should be kept in case there are difficulties that have to be resolved before either party can receive payments.

There is now an onus on the claimant of SFP to achieve Cross Compliance standards of management and husbandry. There is, therefore, a need for indemnification between the parties to cover the potential loss of payments due to one party as a result of the other party's failure to cross comply.

There have been a number of conacre licence agreements in use, but alterations will have to be made to them to meet the requirements of the SFP. It is for this reason that the Land Group decided to draw up this 4th edition. It is intended that it can be used freely as a framework for a practitioner's own agreement or used as it is.

NB. It is important to realise that inspectors are mainly interested in what actually happens on the ground, and that words alone are not satisfactory but only a prudent step towards proving a point.

This Model has been accepted by the Department of Agriculture and Rural Development as an Agreement covering dual use claims, i.e. where the Licensor claims the SFP and the Licensee claims the Less Favoured Area Compensatory Allowances (LFACA) Scheme on the same land parcel. Where this occurs, it is a requirement of the LFACA Scheme that a conacre licence agreement is in place to support these dual use claims.