

# CLIENT BRIEFING NOTE

APRIL 2022 UPDATE

## CURRENT AND FUTURE FARM SUPPORT

### Basic Payment Scheme (BPS) 2022

The deadline for this year’s Basic Payment Scheme claim is midnight on 16<sup>th</sup> May 2022, with payments to be made from 1<sup>st</sup> December 2022. Following the domestication of the delivery of this scheme in 2021, there has been little change to the delivery of this scheme for the 2022 year and the land & entitlement transfer and claim submission processes are unchanged. As such it should be noted that you are still required to declare “land use” on the BPS claims and a screening decision from Natural England is required before you plough up pasture which hasn’t been cultivated for 15 years.

All BPS claimants are still required to meet Cross Compliance requirements, and inspectors will still be visiting farms to assess land eligibility and ensure these standards are being met.

The deadline for making changes to BPS applications without penalties has been extended to 10<sup>th</sup> June, with more flexibility given to “obvious errors” on applications.

You will likely have noticed a reduction in your BPS 2021 payments, and this reduction continues into 2022 and beyond. The monies not paid under BPS have been redistributed to new and existing schemes, as well as support and advice through projects such as Future Farm Resilience. The reductions to payments will be as follows;

Payment Band	2021 scheme year	2022 scheme year	2023 scheme year	2024 scheme year
<=£30,000	5 %	20 %	35 %	50 %
£30,000 to £50,000	10 %	25 %	40 %	55 %
£50,000 to £150,000	20 %	35 %	50 %	65 %
>£150,000	25 %	40 %	55 %	70 %

For example:

Farmer Smith’s 2021 BPS claim is worth £40,000;

- a 20% reduction would be applied to the first £30,000 (a reduction of £6,000)
- a 25% reduction would be applied to the next £10,000 (a reduction of £2,500).
- So, the revised payment would be reduced by £8,500 with Farmer Smith receiving £31,500.

Tools are available through AHDB and the RPA to generate a calculation of what your forward farm payments will be. Our team can provide you with a forecast on request.



## Countryside Stewardship Applications (CS)

### Higher Tier (HT)

HT applications are for land that requires tailored options and are put together with the approval and support of the local Natural England officer with the deadline for initial submissions being 29<sup>th</sup> April. If successful, these are 10 year agreements.

### Mid Tier (MT)

This scheme is competitive and will be reviewed by Natural England after the final submission date; 29<sup>th</sup> July. A full agreement, if successful, will have a start date of 1<sup>st</sup> January 2023, and will last 5 years. It can include a combination of management options and capital items, with 2 years to complete the capital works. Careful consideration should be given to local CS priorities; information for which can be found using Defra's MAGIC map service. If you are considering any options / capital items that require Catchment Sensitive Farming office approval, a report request must be made as soon as possible.

### Wildlife Offers (WO)

With the same deadline as MT, the WO is a simplified non-competitive and option only scheme tailored to farm type with 4 offers available; Mixed Farming, Lowland Grazing, Upland and Arable. Each offer is broken down into 3 sections with a requirement to commit a % of farmed area to options in order to meet the needs of that section. If you meet the minimum eligibility requirements you will be offered an agreement and will receive annual payment for the 5 year term of the agreement. WO does not include Capital items but a Capital Grant can be applied for on the same land parcels.

### Capital Grants

This grant focuses on three areas; boundaries, trees & orchards, water quality, and air quality. This two-year delivery grant opened on 8<sup>th</sup> February and will remain open whilst funds remain available. Should the scheme become oversubscribed, 6 weeks' notice will be given of its closure. The maximum grant for any application is £60,000 with a limit of £20,000 within each group. With no deadline there will be a rolling window of offers made. Successful applicants will have 2 years to complete works in their agreement. Farmers in Higher Tier ELS agreements can also apply under this scheme for capital works.

## Inspections

Under domestic regulation, improvements are being made to the inspection process. Ahead of inspector visits, a list of the required records the inspector wishes to check will be provided. For stewardship agreements starting January 2022 and onwards, inspectors will focus on achieving the aims of Stewardship options, offering advice and guidance where appropriate. It is intended that penalties will be more proportionate, including the use of warning letters.



## Future Support

### The Environmental Land Management Scheme (ELMS)

We are now well into the 7 year period of Agricultural Transition and further information has been made available by Defra on their delivery and framework for the new schemes of support. The Sustainable Farming Incentive (SFI) Pilot is underway, offers having been made to all that expressed an interest in the process. The findings from this will filter in to the national roll out of the first element of ELMS, the SFI scheme, which will be available from June 2022 to all existing BPS claimants in England. There will initially be 3 standards; Arable & Horticultural Soils, Improved Grassland Soils, and Moorland Soils. These agreements will last for 3 years and will be paid on a quarterly basis. In addition, support will be available through the Annual Health & Welfare Review from Autumn 2022, which will provide funding to eligible livestock farmers to work with a vet of their choosing to visit the farm and carry out an annual review of livestock and look at ways to support farmers to deal with endemic diseases, improve welfare, and increase productivity.

The third scheme of ELMS; the Landscape Recovery scheme has also opened and invited applications from individuals & groups who are committed to effecting landscape change on areas of between 500 – 5,000 ha. This first round is focussing on priority native species or restoring waterways. Applications close on 24<sup>th</sup> May 2022.

The second scheme; Local Nature Recovery (LNR), is the ambitious successor to the Countryside Stewardship and will pay for locally targeted actions to make space for nature in the farmed landscape and beyond. It will be possible to enter into both LNR and SFI on the land parcels so long as they are complimentary and will reward collaboration between farmers to achieve local priorities. It is intended applications for this scheme will open in 2024 to all farmers in England with some pilot work in 2023.

### Delinking

As part of the transition from direct payments, BPS payments will be delinked from 2024 to simplify the claim process, meaning farmers will not need to have land to make a claim. Claims will instead be based on a reference period, as yet not given by the RPA. There will also be the option for farmers to take a lump sum exit payment, with a consultation on how this will work expected in Summer 2021.

### Lump Sum Exit Scheme

Applications will open in April 2022 until September 2022, and if eligible, Farmers will be provided with a calculated lump sum payment in return for leaving farming. Once this is agreed you will no longer be eligible for BPS payments, delinked payments or any of the new or existing stewardship schemes. The lump sum payment will be calculated by adding your BPS 2019, 2020 and 2021 together and dividing by 3 before the annually claim is reduced against the continuing metric.



Alongside these changes new Countryside Stewardship agreements will continue until 2024, with Defra confirming that farmers will not be unfairly disadvantaged from joining ELMs and will be able to transition from any current scheme without penalty.

### **Other Options**

There is also an increasing demand from the private sector for farmer's Natural Capital assets, and it should not be underestimated the worth of these options for long term revenue but professional advice is important to ensure these options are considered as part of an all-encompassing review of the farm business.

If you wish to discuss any of the above or would like support in making an application to any of the schemes covered please get in touch.

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