

The Agriculture Bill 2020 – A time for change.

Late last year the Government’s landmark Agriculture Bill received royal assent and became law on 11th November 2020. The Bill aims to help farmers stay competitive, increase productivity, invest in new technology and seek a fairer return from the marketplace. It sets out how farmers and land managers in England will be rewarded in the future with public money for “public goods” – such as better air and water quality, thriving wildlife, soil health, or measures to reduce flooding and tackle the effects of climate change, under the Environmental Land Management Scheme (ELMS).

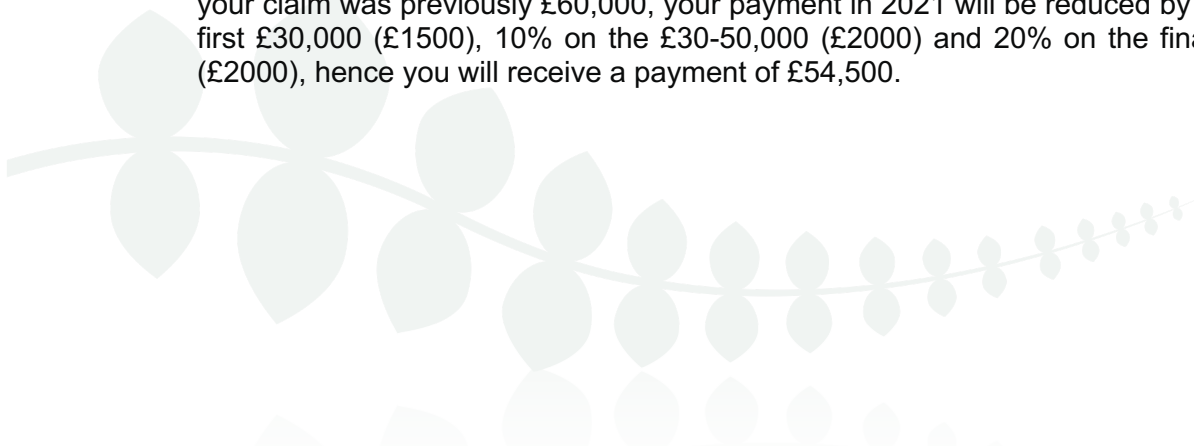
The new system will replace the poorly targeted Basic Payment Scheme subsidy system, which largely pays farmers for the total amount of land farmed rather than rewarding farmers for any specific public benefits. Beginning this year, farmers will have a seven-year transition period to adapt to the new agricultural system. Direct Payments will be phased out starting with the 2021 Basic Payment Scheme year and running until the end of 2027.



The table below shows the reduction rates 2021-2027 as confirmed by DEFRA:

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

The percentage reductions will be applied to different payment bands. For example, if your claim was previously £60,000, your payment in 2021 will be reduced by 5% on the first £30,000 (£1500), 10% on the £30-50,000 (£2000) and 20% on the final £10,000 (£2000), hence you will receive a payment of £54,500.



BPS 2021 has also been simplified. From this scheme year, the government intends to remove all three of the greening requirements: crop diversification, Ecological Focus Areas and the permanent grassland rules.

The new ELMS scheme is currently still in the 'test and trials' stage with a small number of farmers and landowners being offered pilot schemes from later this year.

DEFRA are aiming for a national roll out of the new scheme in 2024. This leaves an income 'void' for at least a three-year interim, which is likely to be at least partially filled, by various 'transition' schemes.



Opportunities during the 'agriculture transition' period

The BPS 'lump sum' option – From 2022 a lump sum option is to be introduced to allow some farmers to leave the sector or retire. Farmers will receive a 'lump sum' payment in place of the annual direct payments that they would otherwise have been entitled to receive during the remainder of the transition period.

Productivity Grants - Aiding farmers and landowners to prepare their businesses for the agricultural transition, including:

- **The Farm Investment Fund** – offering grants for specific items
- **Future Farm Resilience Support** – existing support organisations assisting farmers through the transition
- **Infrastructure for Agriculture and Horticulture** – for farming and CPD learning
- **Slurry Investment** – helping farmers to adopt pollution reducing measures
- **Support for innovation** – farmer led research and development project
- **New Entrants** – more support to be made available via start-up innovation hubs.

Continuation of Countryside Stewardship (CS)

CS will continue to operate under the current format with new applications possible up to 2023. These include:

- Mid Tier
- Wildlife Offers
- Higher Tier
- Capital grants
- Woodland support grants

DEFRA has stated that 'anyone who has entered into a CS agreement from 2021 onwards and who secures a new ELMS scheme, will be able to withdraw and transfer with no penalty'.



Environmental Land Management Scheme (ELMS)

There are three 'tiers' to the new scheme which is key part of the Government's 25 year plan. There will be a phased introduction ahead of the ELMS full application as it is rolled out from 2024.

- The Sustainable Farming Incentive – This will give the chance for a large percentage of farmers and landowners to be paid to deliver public goods and to carry out management above the required regulations. This will support sound farm husbandry including improving soil health, managing hedgerows and pest and disease management. This 'entry level' type scheme is to be piloted later this year and rolled out more widely in 2022.
- Local Nature Recovery – This second 'tier' of ELMS is intended to allow farmers to address significant work on species habitats and implement land use changes which are likely to be geared towards specific target areas, habitats and species.
- Landscape Recovery – This will be targeted at larger landscape and eco-system recovery on areas over 2000-3000 hectares. This scheme would apply to the most 'nature-rich' habitats such as peatlands and woodlands storing of carbon, reducing flood risk and the supply of clean water, as well as allowing for habitat creation



You can read DEFRA's 'Farming is changing' booklet in full following the link below:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/939683/farming-changing.pdf

You can read DEFRA's 'The Path to Sustainable Farming: An Agricultural Transition Plan 2021 to 2024' booklet in full by following the link below:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/954283/agricultural-transition-plan.pdf

If you would like advice with regard to any of the matters raised above, please do not hesitate to contact Jo at Williams Round using the details below:

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