

The agricultural transition – existing and future farm support schemes

This technical article was produced by Alice De Soer of Rural Response and provides an overview of this year’s Basic Payment Scheme (BPS) and Countryside Stewardship applications, including any changes for 2021, and also details on the new Environmental Land Management schemes.

The Agriculture Act 2020

The Agriculture Act 2020 [became law](#) on 11 November 2020 and sets the legal framework for, amongst other things, post-Brexit farm support schemes in England. It includes a 7 year ‘agricultural transition’ period which started in 2021 and runs through to 2027, to allow the existing 84,000 or so BPS claimants to adjust to the phasing out of direct payments. It provides the legislative basis for simplifying BPS rules from 2021, phasing out direct payments from 2021 until 2027, ‘delinking’ BPS payments and offering a one-off lump sum payment as an alternative to direct payments. The ‘New Financial Assistance Powers’ then give the framework for the Department for Environment, Food and Rural Affairs (Defra) to design new schemes that pay ‘public money for public goods’.

Defra’s Agricultural Transition Plan 2021-2024 – an overview

To explain the direction of travel for existing and new farm support schemes and grants, Defra published ‘[The Path to Sustainable Farming: An Agricultural Transition Plan 2021 to 2024](#)’ at the end of November 2020. This included more information on phasing out and ‘delinking’ direct payments, Countryside Stewardship and the new schemes under Environmental Land Management, as well as other schemes and capital grants to be offered. You can also read Defra’s ‘[Farming is Changing](#)’ booklet for a summary.

Existing farm support schemes

BPS 2021 applications

The BPS 2021 application submission deadline is 17 May because 15 May falls on a weekend – this also affects the deadline for transferring land and entitlements. More information on key dates for BPS 2021 applications is shown in Table 1.

Table 1. Key dates for 2021 BPS applications.

18 March	<ul style="list-style-type: none"> • BPS 2021 application window opens – online applications available on the Rural Payments service • Paper BPS forms to be posted – can switch to online by calling the Rural Payments Agency (RPA) on 03000 200 301
17 May (midnight)	<ul style="list-style-type: none"> • Submit BPS 2021 application (inc. Young Farmer payment application, where required) to avoid late claim penalties • Transfer land (online if possible) to the BPS 2021 claimant – land must be “at their disposal” on this date • Transfer BPS entitlements (online if possible) • Submit Young/ New farmer application for new entitlements
11 June (midnight)	<ul style="list-style-type: none"> • Submit supporting documents without penalties as long as BPS 2021 application submitted by 17 May 2021 • Submit late BPS 2021 application, subject to late claim penalties
1 January to 31 December	<ul style="list-style-type: none"> • Eligible land – land included in BPS 2021 application must meet the eligibility rules all year

Key Reminders for BPS 2021 applications

Make sure you read the 2021 BPS guidance on [GOV.UK](https://www.gov.uk) as things have changed this year. The guidance includes the BPS 2021 Scheme Rules, How to apply, Young and New Farmer form/certificate, supplementary field data sheets and land use codes. There is also information on how to submit an application, BPS land eligibility rules, and inspections.

Where possible, please apply online [here](#). If you have received a paper BPS form, you can phone the Rural Payments Agency (RPA) on 03000 200 301 to ask to switch to an online application as this is the quickest and easiest way to apply.

Carefully check the claimed area on your BPS 2021 application as it can sometimes incorrectly default to 0.0000. For online applications, go to the 'Activate less BPS area' screen to view this information. Make sure you save a copy of the submitted application summary pdf as it's 'live' data and can change post-submission. Like 2020, there won't be any Drop-in Centres this year, so use the available online and email processes and post documents such as supplementary field data sheets to the RPA in good time for them to arrive by 17 May 2021 deadline.

BPS 2021 simplifications

From 2021, there is more scope to 'simplify' BPS rules in England and those simplifications include:

- Removal of the 'greening' rules – it's no longer necessary to meet crop diversification (the 2 and 3 crop) rules or have Ecological Focus Areas (EFAs). The maintenance of permanent grassland requirement has also gone, but you must still meet the rules if you have land in a Natura 2000 designation and the EIA (Agriculture) Regulations are of course still relevant. The value of the greening payment has been added to the BPS entitlement value.
- Removal of the 2 year entitlements usage rule with effect from 2021.
- Extending the *force majeure* notification period from 15 days to 8 weeks.
- Allowing supporting documents to be submitted up to 11 June 2021 without penalty as long as the BPS 2021 application is submitted by 17 May deadline.
- Being able to make certain amendments up to 11 June 2021 without penalty if BPS application submitted by 17 May and you haven't been notified of an issue or had advanced warning of an inspection.
- Removal of cross border applications, so you now apply where the land is located.

BPS land eligibility

In addition to land being 'at your disposal' on 17 May 2021, it must meet the two following eligibility criteria throughout 2021:

- 1) Be agricultural area – permanent grassland, arable (including temporary grassland and fallow) or permanent crops.
- 2) Be primarily used for an 'agricultural activity' which is either using the land for agricultural production or maintaining it in a state suitable for grazing or cultivation. There is the '28 day rule' which allows certain non-agricultural activities to be carried out on agricultural area without the land becoming ineligible for BPS.

Aspects that could affect the eligibility of land for BPS include: carrying out permitted non-agricultural activities for more than 28 days in the calendar year, utility/ transport works, flooding, the presence of trees and agri-environment/woodland schemes. Read the [BPS 2021 Scheme Rules](#) for more information on this.

Phasing out and ‘delinking’ BPS payments

Phasing out

Defra’s [agricultural transition plan 2021-2024](#) confirms that direct payments are being phased out during the 7 year agricultural transition period (2021-2027). BPS 2021 will be the first year that payment reductions apply, 2027 will see the final ‘delinked’ payment and from 2028 there will be no direct payments.

The reductions to be applied to BPS and then the ‘delinked’ payment from 2021 to 2024 were included in Defra’s [agricultural transition plan 2021-2024](#) and are shown in Table 2. The reductions are applied like income tax bands, with a larger reduction to higher value payments. The monies released from reducing direct payments are to be reinvested into new schemes, such as piloting Environmental Land Management and the Sustainable Farming Incentive (to be introduced from 2022).

Defra and the Rural Payments Agency (RPA) have produced an online [progressive reductions calculator](#) that allows you to work out how this could affect your direct payments from 2021 to 2024.

Table 2. Direct payments reductions 2021-2024.

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%

Examples of how these progressive reductions to BPS payments were also included in Defra’s Agricultural Transition Plan 2021-2024 (shown in Table 3). This makes it clear that the majority of BPS claimants will see a reduction of at least 50% by 2024.

Table 3. Progressive reductions to direct payments from 2021.

Payment value before progressive reductions	2021 scheme year	2022 scheme year	2023 scheme year	2024 scheme year
£5,000	£4,750	£4,000	£3,250	£2,500
£10,000	£9,500	£8,000	£6,500	£5,000
£20,000	£19,000	£16,000	£13,000	£10,000
£40,000	£37,500	£31,500	£25,500	£19,500
£80,000	£70,500	£58,500	£46,500	£34,500
£160,000	£134,000	£110,000	£86,000	£62,000

‘Delinking’

Defra intends to ‘delink’ direct payments from eligible land in 2024. This means that there will no longer be a requirement to remain a “farmer” carrying out an “agricultural activity”, no need to declare eligible land annually and no further requirement for entitlements. Delinked payments will replace BPS payments once introduced.

The eligible ‘delinked’ payment recipient is likely to be the BPS claimant in an historic ‘reference period’ which could be one or a number of years. Those years are currently unknown. Similarly, the ‘delinked’ payment value is to be calculated based on a ‘reference period’. This again could be based on a single year or averaged over a number of years and could be calculated on the basis of the BPS claim value during that ‘reference period’. The ‘delinked’ payment value will then be phased out from 2024 with the final payment in 2027. Defra is due to consult on this and proposals relating to the Lump Sum Exit Scheme soon.

Lump Sum Exit Scheme

Defra is proposing to offer a Lump Sum Exit Scheme in 2022. This would give the option for farmers leaving the industry/retiring from farming to elect to receive a one-off lump sum payment instead of BPS payments or the ‘delinked’ payment until 2027. The detail of how this may work in terms of conditions associated with receipt of the payment and how its value could be calculated are currently unknown. It’s anticipated that proposals should be included in the Defra consultation referred to above.

Countryside Stewardship applications in 2021

The main components of Countryside Stewardship (CS) opened for applications on 9 February 2021:

- Higher Tier, Mid Tier and Wildlife Offers – for agreements starting 1 January 2022;
- New capital grants package.

Again, read the guidance on [GOV.UK](https://www.gov.uk) and use the ‘[Countryside Stewardship grants](#)’ finder tool for details of what’s required for CS management options, supplements, and capital items.

Key dates for CS 2021 applications

The key dates applicable for requesting CS 2021 application packs and submitting applications are shown in the table below.

Table 4. Key dates for 2021 Countryside Stewardship applications.

	Application pack request deadline	Application submission deadline	Agreement duration and start date	Scored/ ranked
Higher Tier	31 March (online/ paper)	30 April (initial application)	5-10 years. Start 1 Jan 2022	Yes - competitive
Mid Tier	28 May – paper 30 June - online	30 July	5 years (capital items 2 years). Start 1 Jan 2022	Yes - competitive
Wildlife Offers	28 May – paper Apply online up to 30 July	30 July	5 years (capital items 2 years) Start 1 Jan 2022	No - guaranteed
New capital grants	Apply online up to 30 April	30 April	2 years Start first of month after RPA checks done	Yes - competitive

Other important dates to be aware of are:

- Catchment Sensitive Farming Officer (CSFO) approval – some water/ air quality options are only available in High Priority Areas for Water or Air Quality (find those at www.magic.gov.uk) and with CSFO approval. If you’re including one of these options, contact your CSFO as early as possible, but at least 6 weeks before submitting your application.
- RPA endorsement – certain management options for priority habitat/ species can only be used in the Mid Tier if endorsed (see the Mid Tier manual for more details). To request this endorsement, email the RPA (ruralpayments@defra.gov.uk) or phone (03000 200 301) by 31 May 2021.

Changes to Mid Tier for 2021

There have been a number of changes made to Mid Tier for this year’s applications. Including:

- Not being able to apply for a standalone capital only agreement anymore – there’s the new capital grants package instead. You can have a mix of management options and capital items in a Mid Tier agreement.

- New capital items to support improving air and water quality and reduce ammonia emissions.
- Educational access is now available in Mid Tier, as well as Higher Tier.
- New upland wood pasture options and expansion of UP2.
- New spending caps on Mid Tier capital items: Air quality and Water quality - £120,000 for each, Boundary items - £50,000.

‘Double funding’ issue removed

There were 18 CS management options that couldn’t overlap with land declared as an Ecological Focus Area (EFA) under ‘greening’ for BPS. That was to avoid ‘double funding’ as it’s not possible to pay for the same activity twice. Now the ‘greening’ rules have been removed in England from 2021, ‘double funding’ is no longer an issue for the previously affected CS options. This should give more flexibility for the location of CS options for this year’s applications.

Environmental outcome site visits

For domestic CS agreements starting 1 January 2021 or later, there will be ‘environmental outcome visits’ rather than inspections. These will focus on checking that the environmental aims of management options are being delivered. If it’s found that those outcomes are not being met, the RPA can take account of records and evidence to show that the required actions have been done to deliver the aims.

Penalties

Again for domestic CS agreements (1 January 2021 or later start date), penalties will no longer be applied, but late claim reductions will continue to be applied. The RPA may still withhold payments, apply payment reductions or recover payments already made, but if there’s an issue that can be resolved advice and guidance should be offered to support the agreement holder.

Why apply to CS in 2021?

2021 is the first year that BPS payments will be reduced as part of phasing out direct payments by 2028. Applying to CS may give funding certainty – a Mid Tier or Wildlife Offer agreement starting 1 January 2022 lasts for 5 years until 2026. The first CS payment should be received from December 2022 onwards, coinciding with the second year of BPS payment progressive reductions.

That should allow time to evaluate what’s available under Environmental Land Management with its 3 schemes: Sustainable Farming Incentive, Local Nature Recovery and Landscape Recovery as they are fully rolled out from late 2024. If you find they suit your business better, you can still apply to the schemes and if accepted exit your domestic CS agreement early without penalty to enter them.

There are also further opportunities to apply to CS in 2022 and 2023, with the final agreements due to start in 2024.

BPS and CS - Check digital maps

For both BPS and CS, you should check your digital maps on the Rural Payments service (from ‘Business overview’, click on ‘Land’ and then ‘View land’). The key elements to look at are:-

- Is the land linked to the correct Single Business Identifier (SBI)?
- Is ‘land cover’ correct? The ‘land cover’ can be arable, permanent grassland, permanent crops or non-agricultural area.
- Are permanent boundaries correct or are there new ones/ any that need to be removed? This includes whether hedges are mapped correctly if you’re including them in a CS

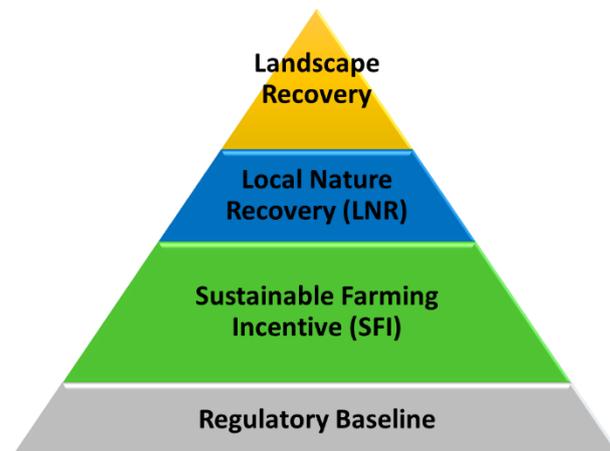
application this year for options BE3 (Management of hedgerows), BN5 (Hedgerow laying) or BN6 (Hedgerow coppicing). These are the only options in a CS application the RPA checks against the hedges shown on your digital maps.

Depending on what needs to be updated on your digital maps, you may need to:-

- Use the 'add land' email route to get land linked to your SBI – make sure you email the RPA by 3 May 2021 for this year's BPS applications or 30 June 2021 for CS applications.
- Transfer land online via the [Rural Payments service](#). This is only possible if the land shows as 100% owned. If that needs to be updated, use the [land tenure form](#). Don't transfer land online if it's in an agri-environment scheme as it needs to remain linked to the agreement holder's SBI.
- Submit an [RLE1 form](#) to request that land cover or permanent boundaries are updated, or to register land for the first time. Make sure sketch maps are clear. There's guidance on using the RLE1 form on [GOV.UK](#).

The future – Environmental Land Management

Whilst Defra's Agricultural Transition Plan 2021-2024 includes a wide range of schemes and grants, the key element of future agricultural policy in England focuses on Environmental Land Management. There will be 3 schemes under this: Sustainable Farming Incentive (SFI), Local Nature Recovery and Landscape Recovery. These schemes should be fully rolled out from late 2024.



A summary of the aims under each of these schemes is shown below.



Sustainable Farming Incentive Scheme (was Tier 1)

AIM: *To incentivise environmentally sustainable farming and forestry*

Open to farmers, non-competitive



Local Nature Recovery Scheme (was Tier 2)

AIM: *To incentivise the management of land in a way that delivers locally targeted environmental outcomes, encourage collaboration*

Open to all land managers, may be competitive



Landscape Recovery Scheme (was Tier 3)

AIM: *To deliver land use change projects at a landscape scale to deliver environmental outcomes*

Open to all land managers, project specific, competitive

Defra's Agricultural Transition Plan 2021-2024 gives some further outline details for each of these schemes, but more detailed information is yet to be published.

Test and Trials

Since 2018, Defra has been running Environmental Land Management tests and trials with over 3,000 participants in around 70 tests and trials across England. These are looking at the 'building blocks' for the scheme and focus on six priority areas: land management plans; advice and technical guidance; spatial prioritisation; collaboration; payments; and, innovative delivery mechanisms. Test and trials will be ongoing during the agricultural transition period to inform the development of the 3 schemes under Environmental Land Management.

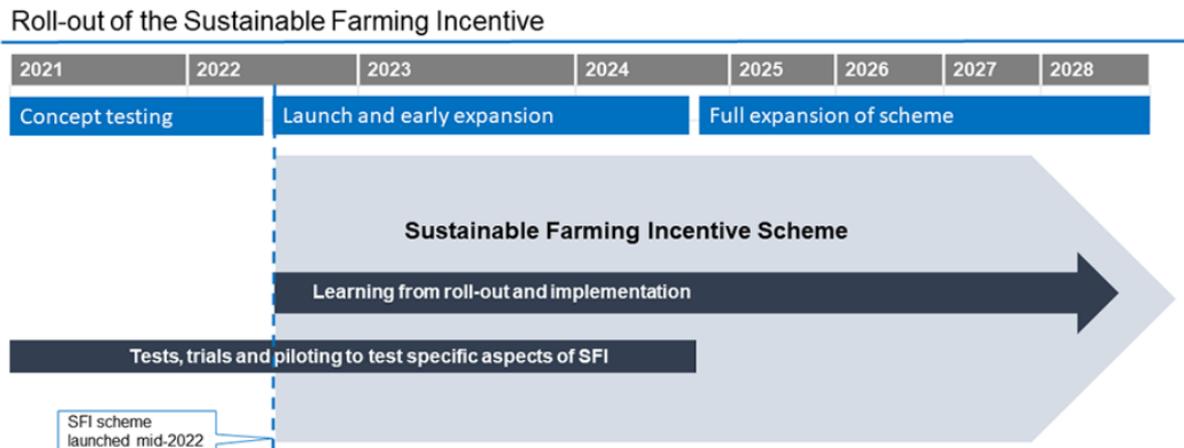
Piloting

In addition to tests and trials, Defra is piloting the 3 schemes to inform what they look like when fully rolled out from late 2024. Rather than looking at component parts as is the case with tests and trials, piloting will evaluate the 'end-to-end' experience for a limited number of participants in phases, starting this year with the first phase of piloting the Sustainable Farming Incentive scheme. This phased piloting approach is due to run through to the full rollout of the schemes from late 2024. Piloting of both the Local Nature Recovery and Landscape Recovery schemes is due to start from next year, 2022.

Sustainable Farming Incentive

Defra's aim for the Sustainable Farming Incentive scheme is to 'help farmers embed environmentally sustainable practices into their business'. Initially, it will pay for actions that go beyond the regulatory baseline, starting with a 'core set of sustainable farming actions' that can be expanded on incrementally. The initial phase of piloting the scheme is starting this year with a few hundred participants. From 2022, the scheme is to be launched and made available to all BPS recipients, currently just under 85,000.

Defra has published more information about the roll-out of SFI on [GOV.UK](https://www.gov.uk) which includes the following diagram:-



Initial Phase of piloting Sustainable Farming Incentive – The Expressions of Interest (EOI) window for the initial phase of piloting Sustainable Farming Incentive opened on 15 March and closed on 11 April 2021. “Several hundred” participants are to be randomly selected to reflect a spread of farm types. From 24 May, the RPA should inform those who have submitted an EOI whether they have been selected for the pilot. Those selected will need to submit a full application from June 2021, with the first agreements starting from October 2021 and payments (monthly in arrears for land management actions) from November 2021.

Essential Information

- Existing scheme information can be viewed via the following links:
 - [BPS 2021 applications](#)
 - [CS applications](#)
 - [e-RLE1 form and guidance](#)
 - [Land Tenure form](#)
- For an overview of the [Agricultural Transition Plan 2021-2024](#), read the ‘[Farming is changing](#)’ [document](#). Further specific information on the initial phase of piloting the SFI and the plans for rolling out the scheme are available on [GOV.UK](https://www.gov.uk).
- You can watch the recent [FAS webinar recording](#) that was delivered by Alice and Janet Hughes (Programme Director for the Future Farming) on the future farm support schemes.
- You can watch the recent [FAS webinar recording](#) that was delivered by Alice on the existing farm support schemes.