

Business Update - The Path to Sustainable Farming

Information correct as at 09:30am on 11.12.2020

- At least 50% of your BPS will have been redirected to other environmental schemes by 2024
- Joining the ELMS pilot scheme in 2021 is an opportunity to ensure the scheme is farmer led
- Joining a mid-tier Countryside stewardship scheme will enable you to move across to ELMS in the future

Last week DEFRA published the Agricultural Transition Plan which laid out the plan for England to phase out BPS and replace with environmental options.

The announcement has not got many specific details, but these are the key areas that are coming to replace the BPS scheme

- Environmental Land Management (ELMS) will have a pilot of 5500 farmers in 2021. This would be a great opportunity to input your thoughts on the scheme and ensure it is farmer led.
- ELMS will have 3 strands
 - Sustainable Farming Incentive – open to all farmers with payments for managing land in an environmentally sustainable way and achieving animal health and welfare outcomes e.g. hedge and soil management
 - Local Nature Recovery – this is competitive and will include payments for natural capital enhancements of a particular area on your farm e.g. wetland, woodland, or species rich grassland
 - Landscape Recovery – this will include larger multi farm schemes such as large-scale tree planting, peatland restoration and restoring wilder landscapes so is unlikely to be appropriate for most dairy farmers
- Countryside Stewardship Schemes will continue and are open to new applicants until 2024. There are more options and increased capital grant options. From 2024 you will be able to transfer these over to the ELMS scheme if you wish
- The Slurry Investment Scheme will be launched in 2022/23 with substantial grants to provide greater storage capacity for slurry for 6 months with a cover
- The Farming Investment Fund and the Farming Transformation Fund will involve both small and large grants for technology, equipment and infrastructure to farm in a more sustainable way e.g. low emission nutrient application equipment or robotic/automated technology. This will open in Autumn 2021
- Grants will be available to improve health and welfare of animals from 2022– more details to follow. These will probably be similar to the previous Countryside Productivity Scheme
- There will be an outgoers scheme in 2022 which will provide a lump sum of BPS for farmers who wish to exit the industry
- Cross compliance is changing to include more warnings rather than immediate penalties which should give farmers more of a chance to put things right
- There will be a New Entrants Support Scheme starting in 2022

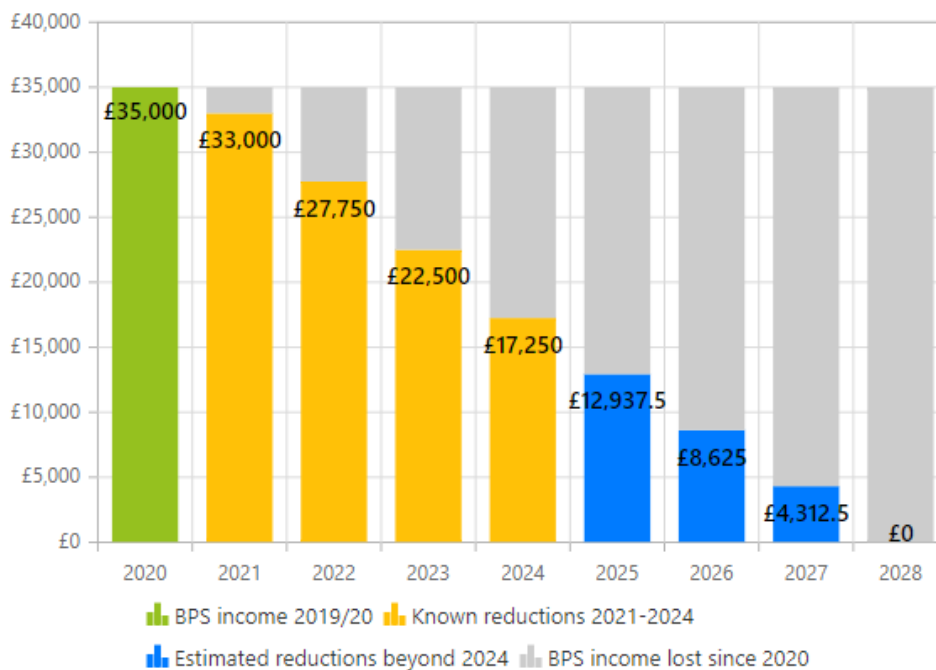
We already knew there would be reductions to BPS, but these are faster than previously announced. Also, the current budget commitments are only guaranteed for this parliament.

BPS 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%
Cumulative total amount to be redirected into delivering other schemes for farmers	£169 - 179m	c£427 - 447m	c£703 - 733m	c£970 - 1,010m

For example, a £35,000 BPS would reduce as follows:

Estimated reduction in BPS 2020-2028



Source; AHDB BPS payments calculator

There is obviously a lot more details on the schemes that you need before you can decide the best course of action for your business, but some of these schemes will have tight timeframes, so it is important to be ready to act when needed. Kite will keep you updated as more details become available.

For further discussion or to help with any questions that you may have, please contact Consultant Support on consultantsupport@kiteconsulting.com or 01902 851007 / 07542 403225