



## WINTER 2020 NEWSLETTER

### Agricultural Transition Plan - Farming is Changing

Following the Government release of the 'Path to Sustainable Farming: An Agricultural Transition Plan 2021 – 2024' paper, the future of British Agriculture is set to change. This newsletter identifies the key points, changes and possibilities open to Farmers and Land Managers.



## Future of the Basic Payment Scheme

The way in which Basic Payment (including the greening element) is to be reduced from 2021 – 2024 has been announced. The Direct Payment reductions will be in bands with bigger reductions on the higher payment bands:

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

The reduction percentages will be increased until the final payments are made for the 2027 scheme year.

Simplifications from 2021 include removal of greening rules, including the three crop rule, and removal of the usage rules for entitlements. Consultations are due in early 2021 on:

**A Lump Sum Exit Scheme** - to take the remaining Basic Payment income as a lump sum in 2022 for those who wish to leave the industry.

**Delinked payments** – de-linking the remaining Basic Payment from the occupation of farmland or farming from 2024. Eligibility will be based on a reference period, yet to be decided. With delinking, cross compliance will be replaced with a new regulatory regime to be developed between 2021 – 2024.

The money from the reduced payments is to be invested back into farming and the countryside through different schemes, outlined below.

## New Entrant Support

A New Entrant Support Scheme is yet to be designed, with further information expected in November 2021 and anticipating the Scheme opening in 2022. The scheme will encourage landowners to provide long term opportunities for new entrants. Lister Haigh's expert term would be happy to provide advice specific to your business on the impact of these changes.

## Environmental Land Management Scheme (ELMS)

ELMS will be the new structure to provide public money to farmers and land managers in return for providing public goods. Examples of public goods are improving and protecting water and air quality, protection from environmental hazards, mitigating climate change, as well as supporting plants, wildlife and heritage. The scheme will be delivered through the following three initiatives:

### Sustainable Farming Incentive (SFI)

From 2022 the SFI will become available to those in receipt of BPS and will pay for sustainable practice. Sustainable actions will be grouped into packages best suited to varying land types. Those with existing environmental agreements will also be able to apply for SFI. More information on this is expected to be released by June 2021. This will be the lowest tier of ELMS.

### Local Nature Recovery

Local nature recovery agreements will be available from 2024 to provide payment for actions which target local environmental priorities. This will be the middle tier of ELMS.

### Landscape Recovery

Also available from 2024 will be bespoke landscape recovery projects to support long terms changes on a large scale, including rewilding and tree planting, seen as the highest tier of ELMS.



## Farming in Protected Landscapes

Amid scepticism that Countryside Stewardship (CSS) does not offer enough for upland farmers, Defra is proposing a time limited package to help farmers in protected landscapes (National Parks and AONBs) adapt during the transition. This programme will lay the groundwork for ELMS, supporting farmers and land managers to deliver environmental outcomes. The scheme will deliver funding through the Protected Landscapes bodies to support farmers (particularly upland farmers) in making improvements to the natural environment, cultural heritage and public access on their land. Farmers and land managers could benefit from:

- Farm level projects to diversify incomes, prepare for ELMS and create more green jobs
- Wider infrastructure investment and projects supporting farmers and rural economies

More information on the scheme will be provided in 2021 and is eagerly anticipated by the team at Lister Haigh who will be happy to provide tailored advice on the scheme.

## Hedgerow and Boundaries Grant

We understand the popular Hedgerows and Boundaries Capital Grant Scheme is to open again in the New Year with an increased upper funding limit of £20,000. The scheme offers fixed rate grants for drystone wall restoration, hedgerow laying, gapping up and coppicing. The scheme is eligible to all farmers claiming BPS on their land with one of the only exclusions being those with a current live Boundary Grant that has not yet been claimed for. Applications are also not permitted on parcels entered into most other schemes, or for new hedges, but any other boundary registered on their BPS maps is eligible.

## Countryside Stewardship Mid-Tier

We were pleased to work with many new and existing clients this year to submit the most CSS Mid Tier applications on record, both reported within our firm and nationally. Anyone wishing to enter into a scheme with a 2022 start date for a five year period must order a pack and request a Catchment Sensitive Farming Officer (CSFO) visit (if applicable) usually by the end of May.

The CSS scheme can offer a well-balanced additional income stream and capital funding, especially if you are looking into the capital options, such as concrete yard renewal, roofing over livestock handling systems/ sprayer washdown areas and manure stores, planting new hedgerows with fencing alongside and more!

DEFRA have reported that CSS schemes entered into now, can be ended early in order to enter into the new ELMS scheme without penalty. We advise that you start looking at your options early, in order to make the most of the current and future schemes.



## CSS Capital Only Grants

Two year agreements can be offered for standalone funding towards items such as concrete yard renewal, roofing over handling systems/ sprayer washdown areas/ manure stores and rainwater goods. There are many more options to choose from. The scheme is only available if you are located within a High Priority area for targeting water pollution. It has also been reported that the funding limit for this scheme will increase from £10,000 to £20,000. This is eligible to all farmers in the High Priority area claiming BPS excluding parcels with live agreements under this or most other RPA schemes and we must request a visit from the Catchment Sensitive Farming Officer (CSFO) to endorse the proposed works.

## Prosperity & Productivity Grants

The UK Government is looking to assist farm businesses in adapting to change and increasing their productivity through a number of different capital grant schemes:

### Farming Investment Fund

Launching in 2021, this fund will offer grants towards equipment, technology and infrastructure which helps to improve farm productivity and benefit the environment. This competitive scheme will have 2 separate tiers:

- **Farming Equipment Technology Fund** - small scale grants towards a list of specific items, similar to the recent CPSG rounds.
- **Farming Transformation Fund** - large grants towards the cost of more substantial investment in technology, equipment and infrastructure with the aim of transforming business performance. Applications will have to meet specific objectives, e.g efficient use of nutrients or pesticides. There will be a 2 stage application process.

Detailed information is due out in Autumn 2021 including a list of eligible items but these are likely to include:

- Equipment and technology for storing, sorting and processing products
- On-farm water storage infrastructure and reservoirs
- Robotic and automated technology.



Historically, grants of this nature have provided funding around 40% of the cost of specific items which can be shown to improve the efficiency and profitability of a business, this may be higher where a product delivers a higher 'public good'.

The competitive nature of this scheme will likely necessitate specialist advice when preparing the application. Lister Haigh's Agricultural Team have experience in a wide range of grant scheme applications and would be pleased to advise.



## Slurry Investment

From 2022 a new slurry investment scheme will be launched to help reduce pollution from farming and contribute to the government's 25 year Net Zero carbon commitments. The scheme is likely to be directed at specific locations and include support towards:

- Slurry stores which exceed the current regulatory requirements
- Pumps, pipe work, access and reception tanks on new stores
- Impermeable covers
- Low emission slurry spreading equipment.

New higher standards are to be introduced in the future which will include a requirement to cover all slurry stores (potentially by 2027) and a requirement to increase the slurry storage capacity on all farms to six months.

Advice on the most suitable option for your farm will be key and our Agricultural Team would be happy to advise you.

## Farming Rules for Water

Your Farming Rules for Water pack needs updating! If recording your manure and fertiliser use has been pushed to the bottom of 2020's

paperwork pile please do not hesitate to ask for our assistance with updating your pack. We are aware several our clients' packs may need updating and do not want you to be caught out on an inspection.

If you have not got one of our packs yet, Farming Rules for Water require you to assess your pollution risk, undertake soil tests and plan your application of manures and fertilisers. There are 8 rules to adhere to and they apply whether you are in a Nitrate Vulnerable Zone (NVZ) or not. Our packs and user guide create a paper trail, so you are always prepared for an inspection.





## Woodland Carbon Guarantee Scheme

The Woodland Carbon Guarantee Scheme aims to permanently remove CO<sub>2</sub> from the atmosphere through accelerating woodland planting rates and developing a domestic market for captured woodland carbon.

The scheme uses Woodland Carbon Units to base payments, these are how much CO<sub>2</sub> a woodland has or will capture. Every 5 or 10 years the landowner will receive a payment per tonne of CO<sub>2</sub> captured, the value of the payment is decided at auction. Auctions are held periodically, the first auction in January – February 2020 averaged £24.11/t CO<sub>2</sub> through 18 contracts for the total creation of 182 Hectares of new woodland. The second auction awarded 27 contracts for the creation of 1,517 Hectares of woodland and yielded an average of £19.71/t CO<sub>2</sub>, a third auction was held at the end of October but averages have not yet been published.

Once a contract is entered into, the landowner then plants the woodland (using one of the various grant schemes available) and every 5 or 10 years the carbon captured is verified and payments for units are received.

Landowners are encouraged to tie in the creation of woodland for carbon capture with amenity and commercial uses.

This is a relatively new scheme and at Lister Haigh we are excited to be working with clients and the Forestry Commission on it. If you are interested please get in touch.

## Business Review, Planning & Succession

The changes proposed by the Agricultural Transition Plan 2021-2024 will undoubtedly affect many farming businesses, both landowners and tenants alike. The quick change from area based payments to payments for public goods will impact on the viability of many businesses and there is an immediate need to review the assets held and how they are managed. This will require care to protect the viability of the existing business, take the opportunities of new ventures and to plan this in a tax efficient way. A review must also consider the value and use of assets held, any current or future tenancy matters, taxation planning and the wishes for future succession.

There will be opportunities for most businesses, difficult times for many and change for nearly all. The need to plan a future for your business has never been greater and in these uncertain times professional advice and guidance is crucial. At Lister Haigh, our specialist team of Chartered Surveyors can advise you and your business on the new schemes, diversification projects, consents required, development schemes and taxation & succession planning. For a confidential and impartial discussion please contact a member of our team on 01423 860322.

### CONTACT

If you wish to find out any further information of the topics discussed in this newsletter, how they affect your farm business or what opportunities they may present you with, please do not hesitate to contact our **Agricultural Team** on **01423 860322**, based in the Knaresborough Office.



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