


2022 — ENGLAND

# Basic Payment Facts

The pocket-sized summary of Basic Payment Scheme rules and guidance on the future of farm funding.

We're here for the Next Chapter.  
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**This briefing is a summary only of  
the relevant details as at March 2022**

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**For full information please contact your local Strutt & Parker  
farming team or refer to the relevant  
Rural Payment Agency (RPA) guidance online.**

# 1. Basic Payment Scheme 2022

## – what has changed?

In 2022 we will see the second stage of the **‘progressive reductions’** to farmers’ BPS payments.

This year’s reductions will be significantly greater than those in place for 2021 (see table on page 8), as we move one step closer to the phasing out of BPS altogether by 2028.

For most claimants there are no major rule changes for the 2022 BPS claim process compared with last year; there continue to be no greening rules and no cross border applications, and the cross compliance rules continue to be applied and monitored in the same way.

However, farmers and would-be BPS claimants who have started farming in the past year, should note that the New Farmer scheme whereby BPS entitlements were allocated from the National Reserve, is no longer operating. New farmers may buy entitlements, or take them over from an outgoing farmer, in order to claim BPS, but they can no longer receive them for free from the National Reserve.



## 2. Claiming Basic Payment 2022

The claim deadline for the Basic Payment Scheme (BPS) in 2022 is midnight on 16th May. Applications can be changed until 10th June without receiving a penalty. Late applications can be submitted up until 10th June but these will receive a penalty.

### A. Active farmers

Since 2018 it has no longer been necessary to be an **'Active Farmer'** in order to claim BPS. However, note that BPS can be claimed only by 'a Farmer'. A farmer is defined by the RPA as an entity which "produces, rears, or grows agricultural products" and/or "keeps some land in a state suitable for grazing or cultivation".

### B. Eligible land, land use and land cover

**Land** claimed must be eligible for the scheme; this includes any land used for an agricultural activity defined as arable land, permanent grassland and permanent crops, and mapped as such on the RPA online system.

Farmers must declare on their BPS claim all of the agricultural land parcels on their holding, and they must confirm the correct land use for each land parcel from the list of options provided.

The first thing that farmers should check before making their BPS claim is **'Land Cover'**.

It essential that the correct land cover is showing on the online map (permanent grassland, arable, permanent crops, or non-agricultural area). Land cover cannot be altered online but, in most cases, the RPA will change it swiftly over the phone.

### C. Minimum claim area

**The minimum claim area is 5ha.** Those with less land – or entitlements – will not be eligible to claim. The minimum parcel size is 0.10ha.



## D. Land at your disposal

Land used to activate entitlements must be at the claimant's disposal on **16th May** of the scheme year.

It is possible to permit a third party to graze livestock on land which the landowner is claiming to have at their disposal, and a well-written cropping licence should also be satisfactory in some circumstances on arable land. Written agreements are vital in order to confirm the rights and obligations of the parties.

## E. Dual use

**Dual use** applies where one farmer is claiming BPS and another farmer or land manager is claiming Environmental Stewardship, Countryside Stewardship or Woodland Grant Scheme payments on the same parcel(s) of land. Dual use is permitted for existing Environmental Stewardship and Woodland Grant Schemes as well as Countryside Stewardship Schemes. Both parties must meet the rules for the schemes they are under, and written evidence for all dual use situations must be kept by both parties.

## F. Young farmer payment

A **'Young Farmer'** is someone who is at least 18 years old but not more than 40 years old in the year of their first BPS application (i.e., they cannot become 41 years old within that first calendar year of claiming the Young Farmer payment).

They must be 'in control' of the business which is applying for BPS (definition of 'in control' is set out by the RPA). They must have made their first successful BPS application within five years of taking control of the business.

The Young Farmer payment can be claimed for five years starting from the year they make their first Young Farmer claim. This means that it is now possible for farmers aged over 40 to claim the Young Farmer payment, providing they met the age criteria in their first year of claim. Their Basic Payment will be topped-up by up to an additional 25% for the first five years after they started farming or took control of the business. This top-up will apply on up to 90ha only.

To claim Young Farmer for the first time, it is necessary to complete a Young Farmer form and have a certificate completed by a solicitor or accountant. If the Young Farmer payment has been claimed previously and there have been no changes to the business structure, then there is no need to submit a new form or certificate; in this case the payment can be claimed by ticking the relevant box on the claim.



## G. 'Progressive Reductions' for BPS payments

BPS claim values will fall in 2022 compared with the 2021 claim. The overall ceiling for England has been confirmed at £1.845 billion; the same as in 2020 and 2021. However, as payment rates will be lower, not all of this will be spent on BPS. What is left will fund the new schemes such as Sustainable Farming Incentive (see below).

The reductions in Basic Payments (compared with the 2020 values) which are to apply over the next four years are as follows:

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 bands operate like income tax 'slices'. This means that payments per hectare will vary depending on which band you fall into.

The cutbacks apply to the full BPS value, including any Young Farmer payment.

The Strutt & Parker BPS calculator can be used to show the effect of this on individual businesses (contact a member of the Farming Department for more information).



### 3. Key upcoming changes and new schemes

We encourage all farmers to keep up-to-date with plans for new schemes and changes to existing ones over the coming years. We have summarised below a selection of the elements that we feel will be most relevant and of interest for progressive farm businesses and these are analysed in more detail in regular updates on our **Rural Hub**:

- **Environmental Land Management (ELM) schemes**

- This is the umbrella under which the main farming support schemes will operate once BPS is phased out. This will be divided into three elements.



## **A) Sustainable Farming Incentive (SFI)**

The SFI has been piloted since last year with pilot agreements starting in November 2021 and the first payments being issued in spring 2022.

The initial national launch of the SFI begins in 2022. This 'early rollout' involves a limited number of standards covering:

- Arable and horticultural soils standard
- Improved grassland soils standard
- Moorland and rough grazing standard

The entry requirements are relatively low; involving soil management plans, soil organic matter testing, and a commitment to maintain green cover over the winter.

The payments, which operate on a £/ha basis, are also modest. Farmers should give the scheme due consideration in this first year as a way of securing vital funding to help plug the funding gap caused by the falling value of the BPS.

Details about the application process are due to be released shortly and this is expected to be an online process.

We understand that for 2022 the application window will open in late spring/early summer and will be open for 10 weeks.

## **B) Local Nature Recovery (LNR)**

This is widely considered to be the successor of the Countryside Stewardship Scheme, using a similar structure and with a simplified application process.

Details about the design of the scheme are expected later in 2022. The first pilots/tests are due to begin in 2023 and a national rollout is expected in 2024. The CSS will close to new applications after the 2023 application round.

### C) Landscape Recovery (LR)

This is intended for radical and large scale land use changes (of between 500 – 5000 hectares each) for environmental improvement. Focusing on biodiversity, water quality and carbon emissions the aim is to encourage wilder landscapes and habitats, restored peatland, and large scale tree planting.

Pilot project applications are to be opened up over the next two years, with the first round of pilot applications to open up imminently.



- **Capital grant schemes**

The **Farming Investment Fund** was launched last year and has received significant interest from farmers already.

The application windows for 2022 grants, under the smaller **Farming Equipment and Technology Fund**, and the larger **Farming Transformation Fund** are now closed, but further application rounds will be open later this year. Speak to your Strutt & Parker contact for advice about applying for these schemes in 2022.

DEFRA have recently announced that they intend to deliver the **Slurry Investment Scheme** through the **Farming Investment Fund**. This will open in autumn 2022 and will provide funding towards covered slurry storage, the aim being to encourage farmers to achieve 6 months' storage capacity. It will be open to all livestock farmers currently operating on a slurry system.

- **Farming in Protected Landscapes (FIPL)**

The scheme was launched last year and continues through to 2024. This provides grant funding to farmers in AONBs, National Parks, and the Broads. The funding is administered through local protected landscape bodies and will contribute towards projects which help result in improvements to climate, nature, people, and place/landscape. The benefits we have found with this scheme are that farmers can apply for a wide range of projects by way of a simple screening process which is dealt with locally.

- **Lump Sum Exit Scheme**

Following last year's consultation, DEFRA has published details about the **Lump Sum exit scheme**. Applications to this scheme can be made between April and September 2022 and the expectation is that payments will be made to eligible applicants from November 2022 onwards – once the scheme rules have been met. In summary this is an opportunity for claimants to receive all of their remaining BPS payments rolled into one payment, with the condition that they

transfer their land and surrender their BPS entitlements. The lump sum is calculated by reference to the average BPS received during 2019, 2020, and 2021, and will be capped at £99,875.

- **De-linking of BPS payments**

DEFRA has also published details of its proposals for **delinked payments**. Effectively this means that 2023 will be the final year of traditional BPS claims, and from 2024 to the end of the scheme in 2027 the RPA will make payments to farmers based on a **historic reference period**. There will be no need to occupy land or own entitlements to receive the delinked payments, but the claimant must have claimed BPS in 2023 in order to be eligible for delinked payments.



## 4. And finally

We have produced a number of briefings and tools to help inform and guide farmers and landowners at this pivotal time. These can all be found online at our [Rural Hub](#) and include the following:

- **BPS calculator 2021-2028**

- To show how Basic Payments will reduce from 2020 to 2028.

- **Net profit calculator 2020-2018**

- To show the effect on net profits of changes in farm support & the introduction of ELM.
  - It produces a bespoke, two-page report for any farm. It produces estimates based on three scenarios – our standard assumptions plus an optimistic and a pessimistic one – for profits from farming, agri-environment, diversification and Basic Payments.

- **Sustainable Farming Incentive pilot scheme explained**

- **The Path to Sustainable Farming – Six things you need to know**

- **Delinked BPS – Eight things you need to know**

- **Defra's Lump Sum Exit Scheme – Nine things you need to know**

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your local farming team.

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