

## BASIC PAYMENT SCHEME

The Basic Payment Scheme (BPS) started on the 1<sup>st</sup> January 2015 and is scheduled to last until at least 2019. There have been some minor rule changes for 2018 which include:

- The removal of the Active Farmer test
- Amendments to the Young Farmer Supplement

*More details on these are given in the sections that follow.*

To claim the Basic Payment you must:

- Have eligible land at your disposal
- Hold suitable BPS entitlements
- Meet the minimum claim size

Details of the claims process for 2018 can be found on the final page of this Factsheet.

## LAND ELIGIBILITY

Land eligibility rules are unchanged from the 2017 BPS. Effectively all agricultural land is claimable. The main farm areas that are not claimable are woodlands, Christmas trees, tracks, buildings & yards, and solar farms.

Any land used for non-agricultural purposes is ineligible for the BPS. However, land will remain eligible if the non-agricultural activities do not exceed 28 days in a calendar year. Such activities include festivals, motor sports and clay shooting.

## LAND OCCUPATION

Land being used to claim the BPS must be at the claimants disposal on the 15<sup>th</sup> May 2018. An area of eligible land can only be used by one farmer in any year to activate entitlements.

*If a tenancy has been granted, then this gives the tenant exclusive occupation and the tenant will be deemed to be in occupation and should make the BPS claim. A licence to occupy land (e.g. a grazing licence) does not grant exclusive possession. In these cases, it is possible to claim that the landowner still has the land at his disposal and can make the BPS claim. In all cases, parties should come to an agreement on who will be claiming.*

## ACTIVE FARMER

The Active Farmer rules were introduced in an attempt to restrict support to those who are genuine farmers. *The simplicity of the readmission criteria (all claimants with over 36 Ha were automatically 'active farmers') made this rule almost irrelevant for most claimants.*

For 2018 DEFRA has taken up an option from the EU, which means the 'negative list' and the other 'readmission criteria' are no longer applicable - thus the active farmer rule no longer applies.

## MINIMUM CLAIM SIZE

The minimum claim size remains at 5 hectares (12 acres) under the BPS 2018.

## ENTITLEMENTS

The introduction of the BPS in 2015 saw all SPS entitlements become BPS entitlements. Details of the number of BPS entitlements held should be available on the Rural Payments website (<https://www.gov.uk/claim-rural-payments>).

Farmers must activate **all** of their entitlements in a single year at least once every 2 years, i.e. you cannot rotate entitlements to avoid losing them.

For 2018, entitlements can be transferred or leased online using the Rural Payments website. It will not be possible to give-up, sub-lease or transfer entitlements through inheritance on the online system, for these actions RLE1 forms will remain available. The post entitlement transfer balance will be updated online once the 'effective date of transfer' is reached. The deadline for transfers to be available for the 2018 BPS claim is Tuesday 15<sup>th</sup> May 2018.

## CAPPING / DEGRESSIVITY

Capping, now known as 'degressivity', is mandatory across all EU Member States. England has opted for the mandatory rate of a 5% reduction to payments above €150,000. The Greening element is not subject to this limit. Therefore this will only affect those with total BPS payments of more than around €214,000. *It has been proposed that higher levels of capping will be introduced for the 2020 year onwards - see following 'Brexit' section for more detail.*

## REMAPPING

Prior to the 2018 claim, the RPA has undertaken a process called Proactive Land Change Detection (PLCD). This has re-mapped many field parcels on the BPS system. Whilst many of the changes are minor, some are large and also there are many incorrect changes. Prior to the 2018 application, the field data held on the 'Rural Payments' system will need to be checked and corrected if necessary. A paper 'RLE1' form must be submitted to change field parcels. *This process may add to the time it takes to make an application.*

## GREENING

30% of a claimant's total BPS payment is conditional on complying with the Greening rules (Crop Diversification, Ecological Focus Areas and Retention of Permanent Pasture). A number of changes to the rules have been introduced for 2018. Full details are set out in our Greening Factsheet. This is available at: <https://theandersonscentre.co.uk/andersons-greening-factsheet-2018/>

## NATIONAL RESERVE

Around 3% of the total BPS budget is allocated to a 'National Reserve'; this is used to create entitlements for New Entrants and Young Farmers. The National Reserve will be open for applications in 2018.

### **New Entrants/Farmers**

To qualify for entitlements under the National Reserve, the farmer must be at least 18 years old, must have started their agricultural activity in 2013 or later and must not have carried out any agricultural activity (at their own risk) in the 5 years before this. The New Entrant must apply for the BPS within 2 years of starting farming.

### **Young Farmer**

A Young Farmer must be between 18 and 40 years old and have taken 'control' of the business within the last 5 years.

To be eligible for entitlements under the National Reserve a Young Farmer or New Entrant must be in control of the business. In control means a person is directly exposed to the risk of financial benefit or harm as result of the businesses success or failure. More than one young person can be in control of the business provided that there is a formal agreement to vote together, giving them majority share.

Young Farmers and New Farmers will have to have a 'certification form' signed by an accountant or solicitor. This form will confirm;

- they are in control or head of the agricultural holding
- the date they took control of the business
- the date of their birth

The certification form and guidance can be found on the Rural Payment Agency's website. In 2018 there is a separate application process to the National Reserve, it is not part of the BPS claim.

## PAYMENTS

The three existing BPS regions continue (with separate entitlements in each). However, payment rates in the Severely Disadvantaged Area (SDA) region are now equal to those in the Lowland region. Moorland payment rates are at a lower level.

The Euro exchange rate used to convert 2018 BPS payments from Euros into Pounds will be the average rate throughout September 2018. The choice remains to receive the BPS payment in Euros. *There are no changes to the mechanics of the BPS scheme in 2018 that will change payment rates. Therefore, budgeted payment levels in Euros for 2018 will be very similar to 2017, with the main variable being currency.*

Payments under the BPS can commence in December through to June. For the 2017 BPS over 90% of claimants received payment by the end of December. *It is hoped performance will be similar or better in 2018, but it seems prudent to budget for payment in January rather than December.*

If there is an outstanding query from the BPS 2015, 2016 or 2017 a 'BPS Payment Query Form' should be completed and returned to the RPA by post or email. The form is available on <https://www.gov.uk/guidance/bps-2017>

## YOUNG FARMER SUPPLEMENT

Additional funds for Young Farmers (18-40 years old) will be worth an extra 25% on their BPS, this will be paid on a maximum of 90 hectares for up to 5 years from the date of their first BPS application (*prior to 2018 it was five years after they started or took control of the business*). The top-up is worth approximately £4,000 per year.

Applications for this top up will be made as part of the BPS application each year. A 'certification form', similar to that for the National Reserve, will be required. A claim for the supplement is required each year.

## CROSS COMPLIANCE

Cross-compliance remains part of the BPS system. There are no rule changes for the 2018 year compared to 2017. The full cross-compliance guidance can be found at - [www.gov.uk/guidance/cross-compliance-2018](http://www.gov.uk/guidance/cross-compliance-2018)

## ACCOUNTABLE PERSONS

It was proposed for 2017 that full personal details of all those involved in the ownership of a business claiming BPS would be required. This requirement was eventually dropped and will not be in place for 2018 either.

## BREXIT AND FUTURE PAYMENTS

Until the UK formally leaves the EU, the Common Agricultural Policy will still apply, and the BPS will continue to operate.

It seems increasingly likely that the UK will enter into a 'transition period' for up to two years after the formal Brexit date of March 2019. During this time it is assumed the CAP will continue to apply. In addition, the DEFRA Secretary, Michael Gove, has stated that there should be a 'five year period' after BPS 2019 to allow farmers to adjust to a new regime. This suggests a BPS-like area payment would continue until 2024 and after that, any payment would only be for 'public goods'. During the five year period payment rates are likely to taper down in order to 'wean' farmers off direct payments, and to free-up funds for other programmes. Mr Gove has also stated that he wishes large payments to be 'capped' in the future. This can occur under existing CAP rules and is scheduled to start in 2020. *Detailed capping rules will be the subject of a consultation later in 2018, but a limit on payments of €100,000 has been rumoured.*

To summarise (assuming a transition deal with Europe is agreed);

- **2019:** BPS – same rules as now
- **2020:** BPS, but with capping (details awaited)
- **2021:** likely to be as per 2020, but could be first year of British Agricultural Policy (BAP)
- **2022:** almost certainly BAP (unless transition period is extended) – phasing down of Direct Payments likely to start (capping still in place)
- **2023 and 2024:** phasing continues as new 'public goods' schemes begin
- **2025:** no more direct support

## RURAL DEVELOPMENT

The BPS is complemented by grant schemes under the Rural Development Programme for England (RDPE). A range of programmes is available which are summarised on this page.

### COUNTRYSIDE STEWARDSHIP SCHEME (CSS)

The Countryside Stewardship Scheme (CSS) replaced the previous Environmental Stewardship (ES), woodland funding and catchment sensitive grants. There is a yearly application window with all agreements starting the following 1<sup>st</sup> January.

There are four tiers;

- **'Higher Tier':** similar process to the old HLS. All woodland options are Higher Tier - see Woodland Grants. 5 year agreement term (although this can be 10-20 years for certain objectives, particularly for woodland or habitat creation). Options should be applied over 5-10% of land entered into the scheme. *An application pack must be requested by 9<sup>th</sup> March 2018. Initial applications for HT must be submitted by 13<sup>th</sup> April 2018.*
- **'Mid Tier':** 5 year agreement term. The scheme is competitive with applications scored against Priority Target Statements which will inform applicants of the priorities for the local area. Using options within the Wild Pollinator and Farm Wildlife Package will improve the chances of an application being successful. Options should be applied over 3-5% of the land entered into a scheme. *An application pack must be requested from Natural England by 31<sup>st</sup> May 2018. The deadline for submission of Mid Tier applications this year is the earlier date of 31<sup>st</sup> July 2018 (previously 30<sup>th</sup> September).*
- **Hedgerows and Boundaries Capital Grant:** short agreements (1-2 years). Grants of up to £10,000, will be open to those not in a current Environmental Stewardship Scheme, or CSS Higher or Mid Tier. 12 capital items are available for the restoration of hedges and boundaries. *The application window for capital grants will be February to 30<sup>th</sup> April 2018.*
- **CSS Streamlined Packages:** this element is new for 2018. See adjoining section for more details.

### WOODLAND GRANTS

All woodland options are offered through the Higher Tier. The Woodland Creation Grants application window for 2018 closed on the 16<sup>th</sup> February 2018.

### ADVICE AND SUPPORT

Mid Tier agreements will not have any dedicated advice. Higher Tier applicants will have a dedicated Natural England advisor.

Facilitation funding for setting up 'landscape scale' agreements is available. This must involve at least 2,000 hectares (unless a smaller environmental boundary exists) and comprise of at least 4 adjoining holdings.

### ORGANIC AND UPLAND AREAS

A range of upland and organic options have been included within the CSS - there are no stand-alone schemes. Please see scheme literature for details.

### CSS - STREAMLINED PACKAGES

Four 'packages' covering the most common farm types are being offered. These have a shorter application form and simpler checks to make the application process quicker and easier. They are also non-competitive, so applicants are guaranteed an offer as long as they meet the minimum requirements. The packages group together individual management options under a number of categories, with there usually being a requirement to pick a minimum number of options from each category. The four packages are;

- **Arable Offer:** 11 options grouped under three categories; with a minimum of 3% of the farmed area under options
- **Lowland Grazing Offer:** 7 options under three categories; with a minimum of 2% of the farmed area under options
- **Upland Offer:** 8 options under two categories
- **Mixed Farming Offer:** 14 options under three categories; with a minimum of 3% of the farmed area under options

The arable offer will be applied for online, through the Rural Payments system. The other three are paper-based; an application pack must be requested by the 31<sup>st</sup> May. The deadline for applications under all the Streamlined Packages is 31<sup>st</sup> July 2018.

### COUNTRYSIDE PRODUCTIVITY SCHEME

This scheme aims to improve the efficiency of farms. A range of investments can be funded under the scheme. For more details see - [www.gov.uk/guidance/countryside-productivity-scheme](http://www.gov.uk/guidance/countryside-productivity-scheme)

#### Main Scheme

- 40% funding for capital investment; Grants of between £35,000 to £1m
- Expression of Interest deadline of 3<sup>rd</sup> December 2018

#### Small Grants Scheme

- 40% funding to provide grants of £3,000 to £12,000
- A set list of eligible items with a fixed grant payable on each. *Thus, no need to obtain quotes for example*
- Applications are wholly online through a new portal
- The first round of the scheme is open until midday on 14<sup>th</sup> March 2018 (*there may be further rounds, depending on uptake.*)

### GROWTH PROGRAMME

Capital grants are available for projects that boost rural employment and grow the economy. Priorities are set by Local Enterprise Partnerships, but cover food processing, tourism and small business development.

- 40% grants with a minimum grant of £35,000
- Deadline for Expression of Interest is 31<sup>st</sup> May 2018

More information of the programme can be found at - [www.gov.uk/government/publications/rdpe-growth-programme](http://www.gov.uk/government/publications/rdpe-growth-programme)

### LEADER

This scheme funds similar projects to the Growth programme, but at a smaller scale; it is also possible to get projects to improve farm performance approved. Grants are 40%. For more details see - <https://www.gov.uk/guidance/rural-development-programme-for-england-leader-funding>

## BPS CLAIMS PROCESS 2018

As in 2017, applications for 2018 can be made online via the Rural Payments system or by paper. Guidance and forms will be available from [www.gov.uk/guidance/bps-2018](http://www.gov.uk/guidance/bps-2018)

Paper forms will only be sent out automatically to those who applied on paper in 2017 and who are not agents. Paper application forms however can be requested from the RPA.

To make an online application, details of 2018 cropping will be completed on a field-by-field basis online. This will be the same as in 2017 and previous years - it is tabular based and will not require maps to show different land uses on the fields. Note that areas will continue to be recorded to 4 decimal places. The same land use codes as previous years will be used. Features used for Greening (Ecological Focus Areas) will also be recorded here. This information will 'build' the applications and will feed through to pre-populate a 'form'. Claimants or their agents will be able to print a copy off to check before submitting it. There will be some built-in checks and it will be possible to track an online claim.

An RLE1 form must still be used for land changes - permanent boundary change, merging/splitting fields, registering new land not on the RLR and adding BPS ineligible features. These cannot be made online. Individual field maps can be printed from the Rural Payments system to accompany RLE1 forms.

Be aware that the RPA has undertaken re-mapping (see earlier section). Fields should be carefully checked one by one. *It is often useful to have the maps open on one tab and the land use table in another.*

***The deadline for submitting a claim is 15<sup>h</sup> May 2018.***

## ONLINE REGISTRATION

All claimants must be registered on the Rural Payments system. Login details from previous years will still be valid. For any new claimants in 2018, registration can be completed by going to [www.gov.uk/ruralpayments](http://www.gov.uk/ruralpayments). Online verification is available through [gov.uk/verify](http://gov.uk/verify). The RPA helpline, 03000 200 301, can also be used.

## EMPOWERMENT / PERMISSIONS

Once onto Rural Payments users will automatically be taken to the 'Your Businesses' page. Farmers will be able to give Agents permission (previously known as empowerment) which are split into five areas;

- Business details
- Land details
- Entitlements
- Basic Payment Scheme
- Countryside Stewardship - applications & agreements

Within each area there are different levels of permissions. Permissions for entitlements are now separate so that one Agent could be dealing with entitlement transfers whilst another is assisting with the BPS claim.

## HOW CAN ANDERSONS HELP?

We understand the BPS rules and, importantly, we also understand what the on-farm implications are.

We can help you comply with the rules and the application process. If you would like our help please contact us before mid-April.

*For further information please visit our website*

*[www.theandersonscentre.co.uk](http://www.theandersonscentre.co.uk)*

Or contact a member of the team:

01664 503200

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