



Department
for Environment
Food & Rural Affairs

Farming is Changing

Updated in June 2021



Contents

| | |
|--|-----------|
| Foreword | 3 |
| Overview | 4 |
| The Basic Payment Scheme, delinked payments and lump sums | 6 |
| Agri-environment schemes | 10 |
| Animal health and welfare | 17 |
| Prosperity and productivity | 19 |
| Regulation and enforcement | 22 |
| Annex: Summary of new schemes | 23 |

Foreword

Farming is more than a job. We must cherish the deep personal connection felt by farmers to the landscape, animals and wildlife they care for, and build upon it in the way we support them.



This is an exciting time for English farming. We will be phasing out Direct Payments and introducing a new system that rewards farmers and land managers while delivering additional public goods that improve the environment.

Changes of this significance can be intimidating, and it is natural that many farmers are worried about the phasing out of Direct Payments. We will move to the new system gradually, and make changes where needed if the new policies do not work as intended. It is vital that farmers have time to adapt.

We have committed to maintaining the current annual budget in every year of this Parliament. This means funds from Direct Payments will be redirected straight back into Countryside Stewardship and our new schemes. The same amount will be available to the sector, though the way it is distributed will change.

We will create cleaner, greener landscapes and we hope to reverse species decline and improve biodiversity significantly. At the same time, we will help food producers to stay competitive, helping our farmers to produce the high-quality food that they are renowned for while protecting and enhancing the environment on which a sustainable, productive future depends.

This booklet tells you more about the changes ahead and how to prepare for them.

Please sign up to [receive our communications](#) about upcoming events, and take every opportunity to get involved and share your thoughts with us – we want to hear from you.

Victoria Prentis
Parliamentary Under Secretary of State
Department for Environment, Food and Rural Affairs (Defra)



Overview

In 2021, we started the 7-year transition away from EU-based rules and towards a system in which we pay farmers to improve the environment, improve animal health and welfare, and reduce carbon emissions.

This booklet explains the changes we are going to make, and what they mean for farmers.

We will be phasing out Basic Payment Scheme (BPS) payments, closing existing agri-environment schemes and introducing a new approach.

The new approach will include:

- three new schemes will reward farmers and land managers for producing public goods
- grants and other help to improve farm productivity and prosperity
- a new approach to farming regulation and enforcement

We are working with farmers to make sure that all our new schemes and support arrangements work on the ground.

Through this new approach, we aim to support a vibrant and resilient agriculture sector, that enhances animal welfare and the environment, and helps enable us to meet our ambitious targets such as the protection of 30% of UK land by 2030 and Net Zero by 2050.

The changes coming in 2021 include:

- we have removed the greening rules (page 6)
- the first reductions to BPS (page 7)
- improvements to cross compliance (page 9)
- more money available through schemes and grants (funded through the BPS reductions) (page 10)
- improvements to existing schemes (page 12)





The Basic Payment Scheme, delinked payments and lump sums

We have removed the greening rules.

The rules that apply to permanent grassland in Natura 2000 sites and the Environmental Impact Assessments rules that apply to some other permanent grassland will remain in place.

Other simplifications to the 2021 scheme include:

- removing the requirement for farmers to use all their payment entitlements at least once every two years
- removing the requirement for farm businesses with land in England and another UK nation to have all their land treated as one 'holding' for the purposes of the BPS
- extending the application period for force majeure applications to 8 weeks

Reductions to Direct Payments from 2021

We plan to phase out Direct Payments in England from 2021 to 2027. This means reductions will be made to BPS payments from 2021, and then to delinked payments (see below) when these replace BPS. Payments will be reduced progressively. All payments will be reduced, but there will be bigger reductions on the higher payment bands. These bands will work like income tax bands. For example, everyone will have a reduction of 5% on their first 30,000 of payments in 2021.

Reductions will be applied to the total payment the farmer would have been due in each year, including the total BPS payment and any young farmer payment.

The payments will be reduced by the following percentages in 2021-2024:

| 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 following table shows how payments will be reduced from 2021 to 2024.



| Payment value before progressive reductions | 2021 payment | 2022 payment | 2023 payment | 2024 payment |
|---|--------------|--------------|--------------|--------------|
| £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 |

Payments will be reduced each year until the final payments for the 2027 scheme year. No further BPS payments or delinked payments (see below) will be made after the 2027 scheme year.

We will invest all the money from these reduced payments back into farming and the countryside.

‘Delinked’ payments

In 2024, we plan to replace BPS with ‘delinked’ payments. When payments are delinked, it will be unnecessary to farm the land to receive the payments, until they have been phased out. Double payments will not be made. Farmers could be offered a lump sum in place of any further BPS and delinked payments to which they would have been entitled. Their BPS entitlements would be cancelled.

Delinked payments may be received even if a farmer chooses to stop farming altogether. Those who continue farming will still have to comply with standards on the environment, animal and plant health, and animal welfare, but compliance will be managed through new arrangements that will replace cross-compliance.

Eligibility for delinked payments will be based on a reference period. For example, it may be necessary to have claimed, and been eligible under BPS, in a particular scheme year or years.

In May 2021 we opened a consultation with farmers about our approach to delinked payments. This consultation closes on 11 August 2021. We will set the reference period after this consultation.

Lump sum exit scheme

In 2022, we intend to introduce an exit scheme to help farmers who wish to leave the sector to do so. They will be offered the chance to take a lump sum in place of any further BPS and delinked payments.

Rules for lump sum payments will be set after our consultation with farmers which is open until 11 August 2021. We expect the application period for the lump sum exit scheme to be in the first half of 2022.

Cross compliance

In 2021, we are addressing some of the most significant areas of concern with cross compliance by:

- not having a penalty as the default response to a breach of the rules
- making the use of penalties more proportionate through changes to the verifiable standards, where possible
- allowing the Rural Payments Agency to apply more proportionate and flexible approaches, such as better communication, to encourage more constructive and advisory interactions with farmers
- targeting more of our effort to areas of high risk



Agri-environment schemes

Environmental land management schemes

We are introducing three new schemes that reward environmental benefits: the Sustainable Farming Incentive, the Local Nature Recovery schemes and the Landscape Recovery scheme.

Together, these schemes are intended to provide a powerful vehicle for achieving the goals of the 25 Year Environment Plan and our commitment to net zero emissions by 2050, while supporting our rural economy.

Through these schemes, farmers and other land managers may enter into agreements to be paid for delivering the following public goods:

- Clean and plentiful water
- Clean air
- Thriving plants and wildlife
- Reduction in and protection from environmental hazards
- Adaptation to and mitigation of climate change
- Beauty, heritage and engagement with the environment.

We are developing the scheme in partnership with farmers and the wider industry. So far, 3,000 farmers and land managers have been involved through the tests and trials. A 3-year pilot of the Sustainable Farming Incentive began in March 2021. Participants will be paid a competitive rate. We will publish further details in June 2021.

Working with farmers and land managers will help us design and deliver a scheme that works for its users, and achieves our goals for the sector, the environment, biodiversity and climate change.

Sustainable Farming Incentive

The Sustainable Farming Incentive will reward environmentally sustainable land management actions that all farmers can do. Actions will be grouped into simple packages to make it as easy as possible for farmers to identify those that are best suited to their land.

The scheme will be open to all farmers, and our aim is to make it attractive and straightforward for everyone to take part, including the many who are not currently in a scheme.

In 2022, the scheme will be open to BPS recipients only – but, as the scheme expands over time, we intend to open it to all farmers in 2024.

The Sustainable Farming Incentive will launch in 2022.

The scheme will expand over time. It will start with a core set of sustainable farming actions, which will build incrementally.

We know farmers need early information about this and we will publish details of the scheme, what it will pay for and how to get involved in June 2021.

We will add more options and features throughout 2022 and 2023. By 2024 all the features of the new scheme will be fully available.

Those with an existing environmental agreement will be able to apply for the Sustainable Farming Incentive alongside other agreements. It will

not be possible to receive payment for the same action twice through different schemes.

We will publish further information about the available options and payment rates under the scheme in 2021, following consultation and co-design with farmers and experts.

Local Nature Recovery

The Local Nature Recovery scheme will pay farmers and land managers for actions that support local nature recovery and deliver local environmental priorities.

Local Nature Recovery agreements will be available from 2024, following a pilot starting in 2022.

Landscape Recovery

The Landscape Recovery scheme will involve bespoke agreements to support long-term, land use change projects, including rewilding where appropriate.

We will begin some pilot Landscape Recovery projects between 2022 and 2024, and then make the full scheme available from 2024.

Countryside Stewardship

The Countryside Stewardship scheme will continue to be available for existing and new applicants until 2024, with the last new applications being accepted in 2023.

We will improve the way the scheme operates, including simplifying processes and making inspections fairer and more proportionate.

Anyone in a Countryside Stewardship agreement that started after January 2021 who secures a place in one of the environmental land management schemes will be able to withdraw and transfer to the new scheme with no penalty at agreed exit points.

All new agreements starting after 2024 will be managed through the new environmental land management schemes.

Defra, Natural England and RPA are currently considering the best Countryside Stewardship options for future scheme applicants to use for wood pasture restoration, especially in the uplands.

Furthermore, we are making air quality an objective of the scheme. This means applicants can now apply to plant a minimum of 0.1ha of trees in areas designated a priority to reduce air pollution. This is in line with the current minimum area required for planting trees for water quality.

Important changes have been made to Countryside Stewardship agreements starting from 2021. For these agreements, we have:

- removed the application of additional penalties for the over-declaration of land and scheme breaches; instead just adjusting the claim to the found area
- changed our approach to inspection, focusing on an on-site review that looks at whether or not the environmental outcomes have been achieved, and that doesn't disproportionately penalise farmers
- developed a system of warnings to give agreement holders a chance to put things right, where that is possible, and still get paid, and offering signposting to advice or guidance to help get things right
- extended the application period for force majeure applications to 8 weeks in line with the Basic Payment Scheme

Catchment Sensitive Farming

[Holdings in High Water Quality Priority Areas](#) could benefit from Catchment Sensitive Farming advice or a Countryside Stewardship capital grant.

The advice and the grant are designed to improve water quality in a high-priority area. Catchment Sensitive Farming continues to be available throughout 2021.

Farmers in Protected Landscapes

From 2021, we will provide funding through the Protected Landscapes bodies to support farmers, particularly upland farmers (75% of whom live and work in Protected Landscapes).

The funding will be for farmers and other land managers to make improvements to the natural environment, cultural heritage and public access on their land. It will fund:

- a) Farm-level projects to diversify incomes and prepare for the environmental land management schemes
- b) Wider infrastructure and projects on farmland, to support farmers and rural economies





Tree Health

We will launch a new Tree Health scheme in 2024. This will replace the Countryside Stewardship Woodland Capital Tree Health Restoration and Improvement grants.

To help us design the scheme, we will launch a pilot in summer 2021 that will run for three years.

The pilot will include support for felling and the treatment of diseased trees in certain situations and restocking following felling.

We will invite eligible participants to apply for the pilot based on confirmation of pest and disease issues on their land by the Forestry Commission. We will provide further details about eligibility when we publish scheme guidance in Summer 2021.

Woodland creation and support

There are several schemes available for increasing, protecting and managing trees, forests and woodlands

- The Woodland Creation Planning Grant
- Countryside Stewardship
- England Woodland Creation Offer
- HS2 Woodland fund
- Woodland Carbon Guarantee

The Forestry Commission offers a full [overview of woodland creation funding](#).

Sign up to the Forestry Commission's grants and regulations [e-alert](#) to hear about new opportunities.





Animal health and welfare

The Bovine TB Advisory Service will remain available into 2021 and for at least the next 3 years until 2024.

This is an on-farm and telephone advice service to help reduce the incidence and severity of Bovine TB breakouts.

Animal Health and Welfare Pathway

In 2021, we will continue co-designing the Animal Health and Welfare pathway with farmers and the wider industry. The pathway will support farmers to produce healthier animals to the very highest standards of welfare by providing financial assistance, strengthening the regulatory baseline and improving consumer transparency.

From 2022, we will provide capital grants and financially support vet visits for health and welfare management planning and diagnostic testing. We plan to introduce further support for endemic disease control and for piloting payments-by-results in 2023, contingent on outcomes of ongoing research.

The Livestock Information Programme

This programme provides multispecies livestock traceability services for farmers and the wider industry.

One part of the programme is the new Livestock Information Service (LIS). This will replace three legacy services that trace cattle (BCMS), pigs (eAML2), and sheep, goats and deer (ARAMS) by the end of 2022.

The new system will provide simpler, paperless processes and better data sharing. In time, it will enable improvements in animal health and welfare, productivity and competitiveness.

Defra is working with its counterparts in Scotland, Wales and Northern Ireland to bring together UK data that can be used for animal health, food safety and trade purposes.

Find out more about the [Livestock Information Programme and the new system](#).



Prosperity and productivity

Supporting the resilience of the farming community

Farm Resilience

From 2021, we want to offer more support to more farmers and land managers to help them plan for the period ahead.

This will be a time-limited set of business advice and support services aimed at individuals and businesses most affected by the removal of Direct Payments. It will operate until 2024.

Local support groups can be found through [The Prince's Countryside Fund's Farm and Rural Support Directory](#).

Trade and Agriculture Commission

The Commission will advise the government on how to make sure UK farmers do not face unfair competition nor have their high animal welfare and production standards undermined.

It will also identify new export opportunities for the UK agricultural industry – in particular for small and medium-sized enterprises.

Innovation, research and development

The future prosperity of the sector relies on increased support for innovation, research and development. More details about the Farming Investment Fund (Equipment & Technology, and Transformation) and an Innovation Research and Development Scheme will follow in April and October 2021 respectively.

Farming Investment Fund

From 2021, we will offer funding for equipment, technology, and infrastructure that improves farm productivity and benefits the environment.

It will be a competitive scheme split into two funds, for lower-value and higher-value investments.

Grants will be available for a proportion of the total cost of investment. Eligible investments could include things such as:

- equipment and technology for storing, sorting, or processing products
- robotic or automated technology
- on-farm water storage infrastructure, including reservoirs

We will work with farming bodies on the investments to include.

Detailed information about the eligible investments and scheme guidance will be published in Autumn 2021.

Slurry Investment

A slurry investment scheme will be offered from 2022. It will help to reduce pollution from farming and contribute to the government's 25 Year Environment Plan and Net Zero commitments.

This scheme will help farmers to invest in new slurry stores that exceed current regulatory requirements and are proofed against higher standards that we expect to introduce in the future.

Alongside this scheme, we plan to implement new regulations as part of the Clean Air Strategy to cover all slurry stores.





Regulation and enforcement

Between 2021 and 2024, we will make improvements to the way regulation and enforcement work.

When we delink payments in 2024, we will stop using cross-compliance as the main way to inspect and enforce against baseline regulations (the regulatory requirements all farms have to meet).

We will work with farmers to design a new approach that is more fair, proportionate and effective. We will be consulting on our new approach throughout 2021. Meanwhile, we will continue to make improvements to existing regulation and enforcement arrangements.

Annex: Summary of new schemes

These are our expected dates, but they are subject to change.

Environmental and animal outcomes

| Scheme | Arable | Livestock | Foresters/ woodland managers | Growers | Further info | Applications open | Start | End |
|---|--------|-----------|------------------------------------|---------|-----------------|----------------------|----------------------------------|----------------------------------|
| Forestry Commission Incentives | Y | Y | Y | Y | | All year | 2020 | TBC |
| Farmers in Protected Landscapes | Y | Y | Y | Y | May 2021 | | June 2021 | 2024 |
| Tree Health Pilot | Y | Y | Y | Y | May 2021 | Aug 2021 | Oct 2021 | 2024 |
| Tree Health Scheme | Y | Y | Y | Y | 2024 | 2024 | 2024 | N/A |
| Animal Health and Welfare Pathway Funding | | Y | | | 2021 | 2022 | 2022 | TBC |
| New Countryside Stewardship agreements and Capital Grants | Y | Y | Y | Y | Feb – Mar 2021 | Feb – Mar 2021 | Each year usually from Feb / Mar | 2023 scheme year for 2024 starts |

Tree Health Pilot – this will not be restricted to forestry or woodland managers. Land managers with trees, including farmers, could be eligible if they have a tree health issue.

Environmental Land Management

| Scheme | Further info | Applications open | Start | End |
|-------------------------------------|-----------------------------------|-------------------|-------|--|
| Tests and Trials | Quarterly reports | Ongoing | 2018 | 2024 and beyond |
| Sustainable Farming Incentive Pilot | March 2021 | | | |
| Sustainable Farming Incentive | June 2021 | 2022 | 2022 | N/A |
| Local Nature Recovery Pilot | Summer 2021 | 2022 | 2022 | 2024 |
| Local Nature Recovery | 2021 | 2024 | 2024 | N/A |
| Landscape Recovery Pilot | Summer 2021 | 2022 | 2022 | 2024 (agreements will last beyond this date) |
| Landscape Recovery | 2021 | 2024 | 2024 | N/A |

Please see the environmental land management schemes section on page 10 for more information on eligibility.

Improving farming prosperity

| Scheme | Arable | Livestock | Foresters/ woodland managers | Growers | Further info | Applications open | Start | End |
|--|--------|-----------|------------------------------------|---------|-----------------|----------------------|-------------|----------|
| Farm Resilience Scheme (phase 2) | Y | Y | Y | Y | Mar 2021 | June 2021 | May 2021 | Oct 2024 |
| Farming Investment Fund – Equipment & Technology, and Transformation | Y | Y | Y | Y | Apr 2021 | Autumn 2021 | Dec 2021 | 2026 |
| Innovation Research & Development Scheme | Y | Y | Y | Y | Oct 2021 | 2022 | 2022 | 2028 |
| Slurry Investment Scheme | | | | | 2022 | 2022 | Autumn 2022 | 2025 |
| New Entrant Support Scheme | | | | | Nov 2021 | 2022 | 2022 | 2024 |

Slurry Investment Scheme – Initial focus for eligibility will be on those locations where environmental impact will be greatest and at viable businesses seeking to invest in improved slurry storage.

New Entrant Support Scheme – Defra will design the scheme, including eligibility, in partnership with stakeholders.

Direct payments, lump sums and delinking

| Scheme | Further info | Applications open | Start | End |
|--|--------------|-------------------|-------|------|
| Lump Sum Exit Scheme (subject to consultation) | July 2021 | 2022 | 2022 | TBC |
| Delinked payments | October 2021 | 2024 | 2024 | 2027 |

To be eligible, it may be necessary to have claimed, and been eligible, under the Basic Payment Scheme in a particular scheme year or years.

Further information

Read [The Path to Sustainable Farming: An Agricultural Transition Plan 2021 to 2024](#) and visit GOV.UK for more information

If you have still have questions after visiting GOV.UK, [contact the relevant Defra body](#)

To stay up to date, sign up to the [Defra e-alert](#)

Email rural.payments@defra.gov.uk for a physical copy of this booklet

This booklet was produced by the Future Farming and Countryside Programme communications team. Follow the Future Farming and Countryside Programme [blog](#).



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