

GUIDANCE NOTES

Basic Payment Scheme - England

Davis Meade's BPS team can assist you in several ways with regards to Basic Payment including:



- Initial online registration of applicants and land holdings
- Submission of annual Basic Payment Scheme application online
- Calculating Greening and EFA obligations
- Submission of young farmer forms
- Purchasing / obtaining entitlements
- Checking claim statements
- Formulating Farm Business Tenancy agreements and grazing licences to cover BPS clauses and land at your disposal rules * **this is particularly important with agricultural policy changes on the horizon** *
- Helping with cross compliance issues
- Trading of BPS entitlements and authorisations
- Appeals for loss of payment

The Basic Payment Scheme (BPS) is a European fund to help the agricultural industry under the Common Agricultural Policy (CAP). The BPS replaced the Single Payment Scheme in 2015.

Farmers make one annual application before the deadline (usually 15th May, to avoid late penalties) and then receive payment from the following December.

In England, the BPS is administered by the Rural Payments Agency (RPA), which is an executive agency of the Department for Environment, Food and Rural Affairs (Defra).

The RPA confirm the entitlement values, payment and greening rates in the autumn, following the application submission, in readiness for the payment period.

The overall BPS payment consists of 3 elements:

1. The Main BPS payment
2. Greening Payment
3. Young Farmer payment

There are many eligibility rules that applicants must follow to receive the payment. The main rules include:

- Minimum claim – 5 hectares of eligible land
- 5 units of entitlement held to activate against the eligible land
- Being an eligible applicant

The greening payment consists of 3 elements:

1. Crop diversification rules
2. Ecological focus area requirements
3. Permanent pasture rules

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Crop Diversification Rules

To qualify for the BPS greening payments, farmers with 10ha or more of arable land, would usually have to grow at least 2 arable crops. Farmers with more than 30 hectares of arable land, would have to grow at least three different crops on that land.

Ecological Focus Area

Farmers with more than 15 hectares of arable land must have EFAs on their land.

The following features and areas can count as EFAs:

- buffer strips and field margins
- catch crops
- cover crops
- nitrogen-fixing crops
- fallow land
- hedges or trees in a line

Farmers don't have to apply for payment on an area of land for it to count it as an EFA, but the EFA feature must be on arable land (or within 5 metres of it) and be eligible for the scheme. EFAs must be 'at the disposal' of the farmer.

Young Farmer Payment

The Young Farmer payment is a top-up payment worth up to 25% of the average value of all the entitlements the Young Farmer applicant holds, multiplied by the number of entitlements they use to claim BPS - but only the first 90 entitlements they use count.

Plans for the young farmer payment, beyond 2020 are currently being considered by the Government as part of its future farming policy.

Eligible farmers can apply for the young farmer payment for a maximum of 5 years starting from the year of their first successful young farmer payment application. This change took effect from 2018. Before then, young farmers could only receive the payment for 5 years from the year they started or took control of their business.

To apply in 2020, young farmers must:

- be at least 18 years old when they make (or made) their first successful BPS application, but not more than 40 years old in the year of that BPS application. They only have to meet the age criteria the first time they successfully apply for BPS.
- be in control of the farm business that is applying for BPS.
- have set up or took control of an agricultural business for the first time no more than 5 years before the submission of their first successful BPS application

The first time they apply for the young farmer payment, the young farmer must also fill in a Basic Payment Scheme (2020) Young and new farmer form.

They also need to arrange for a registered solicitor or accountant to fill in the certificate at the end of the form. The list of recognised qualifications is part of the Basic Payment Scheme (2020) Young and new farmer form. The farmer must then submit the form and certificate to RPA.

Entitlements

Entitlements can be purchased on the open market or an application to the National Reserve can be made for an allocation of entitlements by New and Young Farmers.

To apply for new entitlements in 2020, farmers (or their agent, if they have one) must fill in and sign the 'Basic Payment Scheme (2020) Young and new farmer form' and arrange for a registered accountant or solicitor to complete the certificate at the end of the form to confirm the status of the young or new farmer.

Farmers must:

- meet the definition of a farmer and have at least 5 hectares of eligible land
- say whether they are applying as a 'young' farmer or a 'new' farmer
- provide evidence to prove their 'young' or 'new' farmer status

Farmers who receive an allocation of new entitlements cannot apply for new entitlements again in future years.

A 'young' or 'new' farmer application for entitlements may be rejected if farmers have sold any entitlements in the last year, because this might be considered 'artificial'.

Young farmers need to show that they:

- are at least 18 years old, but not more than 40 years old, in the scheme year that they make (or made) their first successful BPS application
- set up or took control of an agricultural business for the first time no more than 5 years before the submission of their first successful BPS application,
- are in control of the agricultural business that they are applying for new entitlements

New farmers applying for new entitlements need to show that:

- they are at least 18 years old when they make their application for new entitlements
- their business started an agricultural activity in 2013 or later
- they make (or have made) their first successful BPS application no later than 2 years after the calendar year in which the business started farming.
- they did not carry out (or were not in control of carrying out) an agricultural activity in the 5 years before their business started an agricultural activity
- they are in control of the farm business that they are applying for new entitlements for

Updates for 2020

Crop diversification

Crop diversification rules have been removed for BPS 2020 but EFA and permanent grassland rules still apply.

This means that if you are unable to plant the required combination of arable crops, you will not be penalised. When the applications are processed, RPA will not apply the crop diversification rules to determine eligibility for the BPS greening payment. However, you will still need to meet the rest of the greening rules:

- Maintaining at least 5% equivalent area of ecological focus area if you have more than 15 ha of arable land
- Following the rules for the management of permanent grassland.

Young farmer payment

RPA has simplified the paperwork for young farmers. Farmers applying for the young farmer payment must send a 'Basic Payment Scheme Young and new farmer application form' and 'Accountant or Solicitor' certificate to RPA in the first year they apply.

If farmers were assessed as eligible for the young farmer payment in 2019, they no longer need to send another form or any evidence unless there has been a change to the structure of their business since then.

Financial discipline mechanism

The financial discipline mechanism will no longer be used to reduce farmers' BPS payments in 2020. Financial discipline was used by the European Commission to reduce BPS payments each year to help manage the Common Agricultural Policy budget.

However, reductions taken in previous years and unused will be returned to current farmers in the form of a reimbursement payment that RPA aims to make in the autumn.

Payment in sterling

RPA will make all BPS 2020 payments in sterling. There will not be an option to receive payment in euros.

Exchange rate

The Government intends to introduce legislation to set an exchange rate. The rate will be published on GOV.UK once it's confirmed.

Key dates for BPS 2020

Date	Information
1 January	Official start of the BPS 2020 scheme year
1 January – 31 December	Land used to apply for BPS must be eligible all year
	Ecological focus area (EFA) period for hedges and trees in a line (which must be present all year unless newly planted) and buffer strips and field margins (which must be present all year)
	Environmentally sensitive permanent grassland must be retained all year
	Cross compliance rules must be followed all year
1 January – 30 June	EFA period for EFA fallow land
12 March	Application window opens
1 May – 30 June	Crop diversification period and EFA period for nitrogen-fixing crops
15 May (midnight)	Land used to apply for BPS in 2020 has to be 'at your disposal' (only the person who has the land at their disposal on this date can use it to be paid for BPS in 2020)
	BPS 2020 and young farmer payment application deadline to avoid late application penalties Updated on 27/4/20 – extension to 15th June 2020
	Deadline for BPS 2020 entitlement transfers (only the person who holds an entitlement on this date can use it to be paid for BPS in 2020)
	Deadline for RPA to receive applications for new entitlements from
	Young or new farmers, with supporting evidence, to avoid late application penalties
	Deadline for RPA to receive the Young Farmer Payment form and supporting evidence for the young farmer payment from first time applicants, or from existing young farmer payment applicants when the business structure has changed
1 June (midnight)	Deadline to make certain changes to an application received by 15 May without a penalty.
9 June (midnight)	'Late application' deadline. Deadline for late applications, or late amendments, with penalties. Any applications or supporting evidence received after this date will not be accepted.
20 August	EFA catch crops must be established by this date
1 October	EFA cover crops must be established by this date
14 October	EFA catch crops must be retained until at least this date
1 December	BPS 2020 payment window opens
31 December	Official end of the BPS 2020 scheme year
15 January 2021	EFA cover crops must be retained until at least this date
30 June 2021	BPS 2020 payment window ends

Contact Information: For further information on the Basic Payment Scheme contact Kathryn Williams on 01691659658 / 07971583638 or email: kathrynwilliams@dmpcuk.com

The above guidance note has been compiled to the best of our knowledge at the time of writing. This guidance note is a brief summary of the BPS scheme and the full and official guidance on the .GOV website should always be referred to before taking any course of action.