



Agri Assist IN THE KNOW

OUR GUIDE TO THE IMPENDING CHANGES TO DIRECT SUPPORT FOLLOWING BREXIT

The timetable according to the Agriculture Bill passing through Parliament is as follows¹:

2019	Basic Payment claims to be as “normal”
2020	It is intended that the payment structure will fundamentally be the same as the Basic payment. However, assuming Brexit has been implemented, the scheme will be funded by the UK.
2021-2027	Direct land based payments (ie the Basic Payment) are to be gradually phased out over this period. Farmers are to be rewarded in future for providing “public goods” through the Environmental Land Management Scheme.

The above is, of course, subject to change under political influences.

The “public goods” in the Environmental Land Management Scheme, which is due to commence in 2025, will include²:

- Managing land or water in a way that protects or improves the environment;
- Supporting public access to and enjoyment of the countryside, farmland or woodland and better understanding of the environmental;
- Managing land or water in a way that maintains, restores or enhances cultural heritage or natural heritage;
- Mitigating or adapting to climate change;
- Preventing, reducing or protecting from environmental hazards;
- Protecting or improving the health or welfare of livestock; and
- Protecting or improving the health of plants.

Much of the detail with regard to claiming and the anticipated level of payments is currently unknown.

Whilst the Agriculture Bill does not set out fully the level of the reductions to support it would appear that the largest claimants will initially suffer the largest reductions. The reduction for 2021 is currently proposed to be up to:

Claim size	Reduction
Up to £30,000	5%
£30,000-50,000	10%
£50,000-150,000	20%
£150,000 plus	25%

Support is an intrinsic part of the agricultural economy.

83% of net farm business income for tenanted farms from 2014 to 2017 was attributable to the Basic Payment³. This reduces to 62% for owner occupied farms.

Whilst some sectors within agriculture, such as intensive livestock and horticulture are less dependent upon support, for those in LFA⁴ grazing livestock support is vital in order to record a profit.

We would urge all those currently claiming Basic Payments to consider undertaking an exercise to determine the break even point of their business without receiving support.

If you would like specific guidance for you or your business, talk to Agri Assist today.

¹ The Agriculture Bill introduced into Parliament on 12 September 2018.

² As mooted in the Department for Environment, Food & Rural Affairs' *Health & Harmony* consultation in 2018 and Part 1 of the Agriculture Bill.

³ Department for Environment, Food & Rural Affairs: Farm Business Income by type of farm in England.

⁴ Less Favoured Area, meaning mountainous and hill farming.