

Government launches consultation on exit payments to farmers

The Government has today (19 May) published a consultation on changes to the Basic Payment Scheme (BPS) to support farmers through the agricultural transition period from now until 2027 which will deliver a better, fairer farming system in England.

The consultation will be open for 12 weeks and focuses on two key areas:

- Lump sum exit scheme – Building on evidence that some farmers would like to retire or leave the industry but have found it difficult to do so for financial reasons, the Government proposes to offer them a lump sum payment to help them do this in a planned and managed way. The consultation seeks views on who should be eligible for these lump sum payments and how the payments should be calculated.
- Delinked payments – Direct Payments currently made through the Basic Payments Scheme offer poor value for money and are based on how much land a farmer has, which inflates rent and can stand in the way of new entrants. The Government plans to phase Direct Payments out over a gradual seven year transition period, to move to a fairer system. The consultation includes plans to separate the payment from the amount of land farmed, from 2024. This will simplify the process for farmers, allow them to focus on running their business and encourage them to take up the government's new environmental land management schemes, which will reward sustainable food production and environmental improvements. The consultation seeks views on how the 'delinked' payments will be calculated.

A vibrant farming industry also needs to attract new talent and create more opportunities for new entrants and farmers wishing to expand their businesses. The Government is working together with industry leaders, local councils, land owners and new entrants to co-design a scheme to create real opportunities for new farming businesses. The new scheme will be available to support new entrants from 2022. Recommendations for the design of the scheme will be shared later in the year.

Environment Secretary George Eustice said:

We need to address the twin challenges of helping new entrants fulfil their dream and gain access to land, while also helping an older generation retire with dignity.

Our exit scheme will offer farmers who want to exit the industry all of the area payments they would likely have received until the

end of the transition period in a single lump sum. It gives them a real incentive to confront what can often be a difficult decision and will help them clear bills and settle debts.

By renting out their farm or surrendering their tenancy, those exiting the industry will create important opportunities for the next generation of farmers and later this year we will be saying more about our plans to work with County Farm estates and other land owners to ensure that we nurture the right conditions for new enterprises to flourish.

This follows last year's announcement of the Agricultural Transition Plan – the Government's landmark plans to reward farmers and land managers for sustainable farming practices, which will see the introduction of a new, fairer system, co-designed with industry, that is tailored in the interests of English farmers.

The proposals within the consultation seek to offer a fairer system for farmers, encouraging generational change by providing more flexibility for new entrants to start up their farm businesses and supporting those who are ready to leave the sector to do so on their own terms.

The Government is taking steps to develop and co-design each element of the future system in partnership with industry. The consultation launched today seeks feedback on the proposed design of the lump sum exit scheme. At the same time, work is underway to design the New Entrant Scheme and just last month, farmers looking to continue farming were encouraged to take their first step towards a greener future by expressing their interest in participating in the national pilot of the Sustainable Farming Incentive. The application window for this has closed , with successful applicants expected to be invited to make a formal application to begin agreements starting in October shortly.

The proposals set out today also build on previous steps that have been taken to simplify the Basic Payment Scheme, including simplifying penalties for small overclaims of land from the 2020 scheme year, the removal of EU greening requirements which required farmers to carry out specific practices to qualify for additional payments but historically delivered little for the environment, and improving the arrangements for farmers with land in more than one part of the UK, from the 2021 scheme year.

The consultation will close for responses on 11 August 2021. A full report on the responses to the consultation will be published later in the year.