

Payments brought forward to help farmers with cashflow

The Government has today announced further steps to support farmers with cost pressures caused by demand and instability seen across the globe. Under the latest plans, Direct Payments in England will be paid in two instalments each year for the remainder of the agricultural transition period, to help farmers with their cashflow.

The deadline for submitting Basic Payment Scheme 2022 applications is Monday 16 May 2022 and, under these plans, farmers with eligible applications will receive the first payment of 50% from the end of July and the second from December.

With agricultural commodities closely linked to global gas prices, farmers are facing rising costs for inputs including manufactured fertiliser, feed, fuel and energy. Due to heightened worldwide demand as the global economy reawakened following Covid, by February the price of gas had quadrupled on the previous year, and with the instability caused by Putin's illegal war in Ukraine that price has risen further.

Output prices, particularly wheat, are also high and from analysis published by the Agriculture and Horticulture Development Board (AHDB) it is clear that farmers should continue to buy their inputs as usual. The steps government is taking to bring forward payments will allow them to do so.

Environment Secretary, George Eustice, said:

While increasing farm gate prices may mean that farm profitability remains stable, we recognise the short term pressures on cash flow.

We have decided to bring forward half of this year's BPS payment as an advance injection of cash to farm businesses from the end of this July. It will give farmers some additional cashflow earlier in order to provide some confidence. We will also make this a permanent change to the way we pay BPS in future with twice yearly instalments going forward.

In the days of the EU this would never have been possible due to the way audits worked and the need to enforce the three crop rule during the summer.

Rural Payments Agency Chief Executive Paul Caldwell said:

Bringing forward half of this year's BPS payment from the end of July will be a welcome boost to cash flow for many farm businesses during uncertain times.

This is not just an opportunity to support farmers here and now through a cash injection. It's a permanent change to bring Direct Payments in line with what will be a more regular payment system under the new environment land management schemes.

This builds on a package of measures to support farmers announced in March, including: a delay to changes to the use of urea fertiliser by at least a year; revised and improved statutory guidance on the Farming Rules for Water; slurry investment grants to help meet those rules; and further details of the Sustainable Farming Incentive which will reward farmers for manufacturing more organic-based fertiliser products.