

A photograph of two men in work jackets walking in a field, overlaid with a dark blue tint. The man on the left is looking down, and the man on the right is looking towards him. They are both wearing heavy, dark-colored jackets and trousers. The background shows a line of trees and a field.

Reform of Agri-Policy

BIAC Business Management Conference

3rd March 2020

Peter Walker, Wilson Wraight

 Wilson
Wraight

Reform of Agri-Policy in England

- Two periods of Transition:
 - Withdrawal Agreement / Continuity Bill
 - Agricultural Bill

Withdrawal Agreement Bill

- Achieved Royal Assent on 23rd January 2020
- Confirming Brexit Terms
- 11-month transition period to 31st December 2020
- Potential to extend
- Trade Deal with EU to be negotiated
- Refine the Agriculture Bill

Direct Payments to Farmers (Continuity) Bill

- Achieved Royal Assent on 30th January 2020
- Rural support schemes to continue
- Minimal disruption to 2020 schemes

Agricultural Bill

- Re-introduced to Parliament on 16th January 2020
- Phasing out of Direct Payment support over a seven-year transition period
- Public Payments for Public Goods
- Proposed to start on 1st January 2021

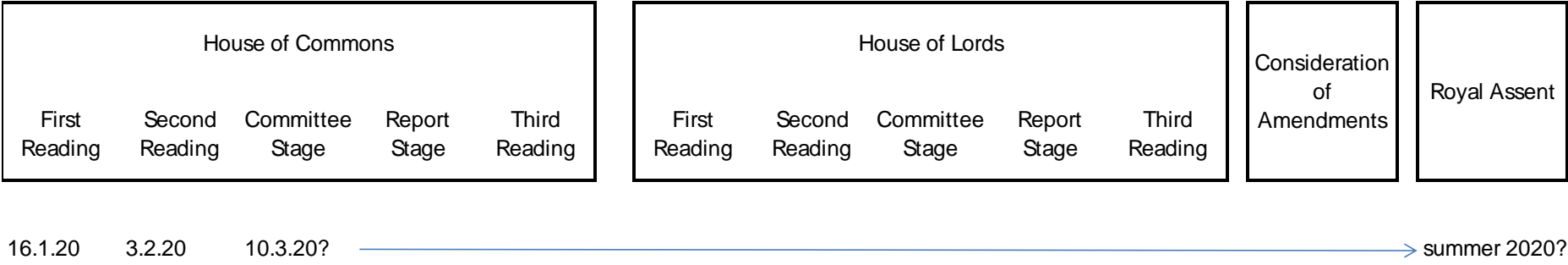
Agricultural Bill - Summary

- Legislation
- Legal Framework
- Current and Future Governments
- Financial Assistance to Land Managers
- Other Policy Interventions

Agricultural Bill - Legislation

- Secretary of State Powers
 - Extend/Modify Transition Period
 - Modify CAP Regulations
- Gove – Villiers – Eustace
- Current Parliament – funding guarantee
- Expected to become law in summer 2020

PROGRESS OF THE AGRICULTURE BILL



Agricultural Bill – Financial Assistance

- Current value of rural support – approximately 86% BPS + 14% Other
- Simplify and phase out direct payments
- Delinking of direct payments
- Possibility of a “lump sum”
- Replaced by Environmental Support ‘ELMS’ and Productivity Support

Agricultural Bill – Land Managers

- Not limited to Farmers
- Farmers occupy about 70% of land in England, but BPS only claimed on 55% to 60%
- Woodlands, wetlands

Agricultural Bill – Other Policy Interventions

- Food security
- Multi-Annual Financial Assistance Plans
- Exceptional Market Conditions
- Tenancy Reforms
- Animal Welfare
- R&D
- Other

Practical Implications – Basic Payment

- 2020 – Financial Ceiling (Euros) vs Treasury Commitment (Pounds)
- 2021 – Progressive Reductions
- 2022-27
- Delinking – not before 2022, reference period ? eligibility ?
- Lump Sum – not before 2022, eligibility criteria ? discount ?
- Simplifications
- Rural Payments ‘platform’

DIRECT PAYMENT SUPPORT (Example: 1,000 hectares)

		2014	2015	2016	2017	2018	2019
Direct Payment Support		Coupled → Decoupled		→			
Delivery Mechanism		Single Payment	Basic Payment		→		
Entitlement Value Gross	€/ha		248.02	252.8	258.15	259.52	261.39
Exchange Rate	£/€		0.73129	0.85228	0.8947	0.89281	0.89092
Entitlement Value	£/ha		181	215	231	232	233
FDM	%		1.39%	1.35%	1.39%	1.41%	1.43%
Degressivity (5% if >€150,000)	£		798	1072	1363	1401	1469
Net Payment			178070	211491	226422	227055	228098
£ Per Hectare			178	211	226	227	228

FUTURE PAYMENT SUPPORT (Example: 1,000 hectares)

		2020	2021	2022	2023	2024	2025	2026	2027	2028	
		Continuity Bill		Agriculture Bill →							
Direct Payment Support		BPS	BPS	???	<i>Delinked**</i> →					Nothing	
Delivery Mechanism		BPS	BPS	???	<i>Delinked Payment</i> →					Nothing	
Entitlement Value	£/ha	233 *	233 *	???							
FDM	%	-	-	-	-	-	-	-	-	-	
Degressivity (5% if >€150,000)	£	1473	-	-	-	-	-	-	-	-	
Gross Payment	£	231527	233000	233000	233000	233000	233000	233000	233000	0	
2021 Payment Cut	<u>from</u>	<u>to</u>	<u>%cut</u>								
	£0	£30,000	5%	1500							
	£30,000	£50,000	10%	2000							
	£50,000	£150,000	20%	20000							
	£150,000		25%	20750							
				<i>unknown, assume straight line reduction to zero by year 7?</i>							
Net Payment		231527	188750	161786	134821	107857	80893	53929	26964	0	
£ Per Hectare		232	189	162	135	108	81	54	27	0	
		100%	82%	70%	58%	47%	35%	23%	12%	0%	

* estimate

** unknown reference period

Practical Implications - Stewardship

- Environmental Stewardship (ES) – HLS rollover
- Countryside Stewardship (CS) – rollover, flexibility, exit without penalty
- Environmental Land Management Schemes (ELMS) – pilots from 2021

Practical Implications - ELMS

- Range of measures:
 - Providing habitats for wildlife
 - Reducing flood risk
 - Protection and improvement of soil quality
 - Improving air quality
 - Improving public access
- Three Tiers
- Payment Options
- Flexible Start Dates

Practical Implications – Productivity Support

- Grants, loans and guarantees
- Investment in equipment and technology
- To improve productivity and deliver environmental benefits
- Fixed list of grants for small items
- Invitation to apply for grants for larger investments

Conclusions

- Be aware
- Be prepared
- Help shape the future of agricultural policy

A photograph of two men walking in a field, wearing outdoor jackets. The man on the left is wearing a dark jacket and light trousers, while the man on the right is wearing a brown jacket and light trousers. They are both smiling and looking at each other. The background shows a line of trees under a clear sky.

BIAC Business Management Conference
3rd March 2020
Peter Walker, Wilson Wraight

**Wilson
Wraight**