

NEW YEAR, NEW AGRICULTURAL POLICY

Tom Forshaw, Senior Analyst (Policy) with AHDB

The Path to Sustainable Farming: An Agricultural Transition Plan 2021 to 2024 sets out a range of policy measures that will come into force over a period of seven years to help farmers adapt and plan for the future.

Perhaps most significant for many farming businesses will be confirmation of how Direct Payments will be reduced over the next four years, with the biggest reductions made to the higher payment bands. Our Business Impact Calculator has been updated to reflect changes to Direct Payments.

Further reductions will be applied until the last payments are made in 2027. Reductions will start from the 2021 Basic Payment Scheme year, with the money released being used to fund new grants and schemes to boost farmers' productivity and reward environmental improvements.

Payment Band	2021 scheme year	2022 scheme year	2023 scheme year	2024 scheme year
≤£30,000	5%	20%	35%	50%
£30,000 to £50,000	10%	25%	40%	55%
£50,000 to £150,000	20%	35%	50%	65%
>£150,000	25%	40%	55%	70%
Cumulative total amount	£169 - 179m	c£427 - 447m	c£703 - 733m	c£970 - 1,010m

The Government will consult formally on plans to delink Direct Payments. Its intention is to delink payments in 2024 and offer the optional lump sum exit scheme payments in 2022. Delinked payments will entirely replace the Basic Payment Scheme for all farmers. Progressive reductions will be applied to each farmer's total Basic Payment Scheme payment value, including any young farmer payment.

Looking beyond direct payments to future schemes, more information on the Environmental Land Management focus is included in the plan. It will consist of three components with farmers and land managers will be able to assess which component is best-suited to their land.



Tom Forshaw

- Sustainable Farming Incentive, which will support approaches to farm husbandry that deliver for the environment, such as actions to improve soil health, hedgerows and integrated pest management.
- Local Nature Recovery, which will pay for actions such as creating, managing or restoring habitats, natural flood management and species management
- Landscape Recovery, which will focus on landscape and ecosystem recovery through projects looking to achieve large-scale forest and woodland creation, peatland restoration, or the creation and restoration of coastal habitats, such as wetlands and salt marsh.

The overall timeframe is to introduce the Environmental Land Management approach to agri-environment schemes from 2021-2024; early roll out of the core elements of all three components, (the Sustainable Farming Initiative, Local Nature Recovery and Landscape Recovery) from 2022-2024.

In addition, the Farming Investment scheme is aimed at improving productivity in agriculture, addressing the underlying causes by supporting businesses to invest in equipment, technology, and infrastructure. This will be structured in two levels:

- Farming Equipment Technology Fund, which will offer small grants to contribute towards the purchase of a list of specified items
- Farming Transformation Fund, which will provide larger grants towards the cost of more substantial investments in equipment, technology or infrastructure, with the potential to transform business performance

The Farming Investment Fund for Equipment and Technology and Transformation will be open for applications in autumn 2021. From 2022, farmers will also benefit from an increased investment in agricultural Research & Development that will enable more farmers and agri-food businesses to drive innovation.

An Animal Health and Welfare Pathway will be established, recognising higher standards as a public good and ensuring reaching these standards does not result in a loss of competitive advantage. More detail on the pathway is expected later in the year.

Support for skills, training and development of people within the industry are also included in today's announcement with the establishment of a new professional body, the Institute for Agriculture and Horticulture. This will be the home of professional development and training for the agriculture and horticulture industry in England. Combined with the Key Performers Indicators Benchmarking, the aim is for more farmers to have the tools they need to assess how to improve their business and what training options are available to them.

Defra will work with the Agriculture and Horticulture Development Board and the Agricultural Productivity Working Groups Key Performance Indicators sub-group to create a consistent set of indicators for farm businesses to capture key financial performance and sustainability outcomes and explore how these can be co-ordinated with aspects of other future farming support schemes.

Full details on the policy announcement can be found in this [gov.uk PDF](#).

Farmers and growers need to prepare for change. The next few years are likely to be the most challenging the industry has seen for over forty years. Whilst major policy changes seem beyond the influence of the individual farmer, AHDB analysis shows there is plenty they can influence within their own businesses to prepare for the challenges ahead.

Visit: ahdb.org.uk/eu-exit

