



Department
for Environment
Food & Rural Affairs

Farming is Changing



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Foreword



Farming is more than a job. We must cherish the deep personal connection felt by farmers to the landscape, animals and wildlife they care for, and build upon it in the way we support them.

This is an exciting time for English farming. We will be phasing out Direct Payments and introducing a new system that rewards farmers and land managers while delivering additional public goods that improve the environment.

Changes of this significance can be intimidating, and it is natural that many farmers are worried about the phasing out of Direct Payments. We will move to the new system gradually, and make changes where needed if the new policies do not work as intended. It is vital that farmers have time to adapt.

We have committed to maintaining the current annual budget in every year of this Parliament. This means funds from Direct Payments will be redirected straight back into Countryside Stewardship and our new schemes. The same amount will be available to the sector, though the way it is distributed will change.

We will create cleaner, greener landscapes and we hope to reverse species decline and improve biodiversity significantly. At the same time, we will help food producers to stay competitive, helping our farmers to produce the high-quality food that they are renowned for while protecting and enhancing the environment on which a sustainable, productive future depends.

This booklet tells you more about the changes ahead and how to prepare for them.

Please sign up to [receive our communications](#) about upcoming events, and take every opportunity to get involved and share your thoughts with us – we want to hear from you.

Victoria Prentis
Parliamentary Under Secretary of State
Department for Environment, Food and Rural Affairs (Defra)



Overview

In 2021, we will start the 7-year transition away from EU-based rules and towards a system in which we pay farmers to improve the environment, improve animal health and welfare, and reduce carbon emissions.

This booklet explains the changes we are going to make, and what they mean for farmers.

We will be phasing out Basic Payment Scheme (BPS) payments, closing existing agri-environment schemes and introducing a new approach.

The new approach will include:

- Environmental Land Management, a new way to pay farmers and land managers to produce public goods, for example through nature-friendly practices
- grants and other help to improve farm productivity and prosperity
- a new approach to farming regulation and enforcement

We are working with farmers to make sure that all our new schemes and support arrangements work on the ground.

Through this new approach, we aim to support a vibrant and resilient agriculture sector, that enhances animal welfare and the environment, and helps enable us to meet our ambitious targets such as the protection of 30% of UK land by 2030 and Net Zero by 2050.

The changes coming in 2021 include:

- the removal of greening rules (page 6)
- the first reductions to BPS (page 7)
- improvements to cross compliance (page 9)
- more money available through schemes and grants (funded through the BPS reductions) (page 10)
- improvements to existing schemes (page 12)





The Basic Payment Scheme, delinked payments and lump sums

We will remove greening rules from 2021 onwards. This includes crop diversification, Ecological Focus Areas (EFA) and the greening permanent grassland rules.

Removing the greening rules will not affect the overall payment received by each farmer. The greening money will instead be added to farmers' BPS entitlements. Farmers who declared EFA cover crops on their 2020 BPS application must keep these in the ground until 15 January 2021.

The rules that apply to permanent grassland in Natura 2000 sites and the Environmental Impact Assessments rules that apply to some other permanent grassland will remain in place.

Other simplifications to the 2021 scheme include:

- removing the requirement for farmers to use all their payment entitlements at least once every two years
- removing the requirement for farm businesses with land in England and another UK nation to have all their land treated as one 'holding' for the purposes of the BPS

- extending the application period for force majeure applications to 8 weeks

Reductions to Direct Payments from 2021

We plan to phase out Direct Payments in England from 2021 to 2027. This means reductions will be made to BPS payments from 2021, and then to delinked payments (see below) when these replace BPS. Payments will be reduced progressively. All payments will be reduced, but there will be bigger reductions on the higher payment bands. These bands will work like income tax bands. For example, everyone will have a reduction of 5% on their first 30,000 of payments in 2021.

Reductions will be applied to the total payment the farmer would have been due in each year, including the total BPS payment and any young farmer payment.

The payments will be reduced by the following percentages in 2021-2024:

Payment band	Scheme year			
	2021	2022	2023	2024
Up to £30,000	5%	20%	35%	50%
£30,000 - £50,000	10%	25%	40%	55%
£50,000 - £150,000	20%	35%	50%	65%
More than £150,000	25%	40%	55%	70%



The following table shows how payments will be reduced from 2021 to 2024.

Payment value before progressive reductions	2021 payment	2022 payment	2023 payment	2024 payment
£5,000	£4,750	£4,000	£3,250	£2,500
£10,000	£9,500	£8,000	£6,500	£5,000
£20,000	£19,000	£16,000	£13,000	£10,000
£40,000	£37,500	£31,500	£25,500	£19,500
£80,000	£70,500	£58,500	£46,500	£34,500
£160,000	£134,000	£110,000	£86,000	£62,000

Payments will be reduced each year until the final payments for the 2027 scheme year. No further BPS payments or delinked payments (see below) will be made after the 2027 scheme year.

We will invest all the money from these reduced payments back into farming and the countryside.

‘Delinked’ payments

In 2024, we plan to replace BPS with ‘delinked’ payments. When payments are delinked, it will be unnecessary to farm the land to receive the payments, until they have been phased out. Double payments will not be made. Farmers could be offered a lump sum in place of any further BPS and delinked payments to which they would have been entitled. Their BPS entitlements would be cancelled.

Delinked payments may be received even if a farmer chooses to stop farming altogether. Those who continue farming will still have to comply with standards on the environment, animal and plant health, and animal welfare, but compliance will be managed through new arrangements that will replace cross-compliance.

Eligibility for delinked payments will be based on a reference period. For example, it may be necessary to have claimed, and been eligible under BPS, in a particular scheme year or years.

In 2021 we'll consult with farmers and land managers before setting the reference period and deciding when to introduce delinked payments.

Lump sum exit scheme

In 2022, we will introduce an exit scheme to help farmers who wish to retire to do so. They will be offered the chance to take a lump sum in place of any further BPS and delinked payments.

Rules for lump sum payments will be set following consultation with farmers, early in 2021. We plan to introduce exit payments from 2022, subject to consultation.

Cross compliance

In 2021, we will address some of the most significant areas of concern with cross compliance by:

- not having a penalty as the default response to a breach of the rules
- making the use of penalties more proportionate through changes to the verifiable standards, where possible
- allowing the Rural Payments Agency to apply more proportionate and flexible approaches, such as better communication, to encourage more constructive and advisory interactions with farmers
- targeting more of our effort to areas of high risk



Agri-environment schemes

Environmental Land Management

Our Environmental Land Management offer is the new way for government to pay farmers and land managers to deliver public goods. This includes actions that contribute to:

- clean and plentiful water
- clean air
- protection from and mitigation of environmental hazards
- mitigation of and adaptation to climate change
- thriving plants and wildlife
- beauty, heritage and engagement

We are developing the scheme in partnership with farmers and the wider industry. So far, 3,000 farmers and land managers have been involved through the tests and trials. A 3-year National pilot of Environmental Land Management will begin in 2021. Participants will be paid a competitive rate. We will publish further details early in 2021.

Working with farmers and land managers will help us design and deliver a scheme that works for its users, and achieves our goals for the sector, the environment, biodiversity and climate change.

Our Environmental Land Management offer will be made up of three components:

Sustainable Farming Incentive (SFI)

SFI will pay for environmentally sustainable land management actions that all farmers can do. Actions will be grouped into simple packages to make it as easy as possible for farmers to identify those that are best suited to their land.

SFI will be open to all farmers, and our aim is to make it attractive and straightforward for everyone to take part, including the many who are not currently in a scheme.

SFI eligibility for 2022 is available to all farmers in receipt of BPS.

From 2022 we will be bringing forward certain elements of the Sustainable Farming Incentive component in a scheme called the Sustainable Farming Incentive 2022 (SFI2022).

We know farmers need early information about this and we will publish details of the scheme, what it will pay for and how to get involved by June 2021.

We will add more options and features throughout 2022 and 2023. By 2024 all the features of the new scheme will be fully available.

Those with an existing environmental agreement will be able to apply for SFI alongside other agreements. It will not be possible to receive payment for the same action twice through different schemes.

We will publish further information about the available options and payment rates under SFI in 2021, following consultation and co-design with farmers and experts.

Local Nature Recovery

Local Nature Recovery will pay farmers and land managers for actions that support local nature recovery and deliver local environmental priorities.

Local Nature Recovery agreements will be available from 2024, following a national pilot starting in 2021.

Landscape Recovery

Landscape Recovery will involve bespoke agreements to support long-term, land use change projects, including rewilding where appropriate.

We will begin some pilot Landscape Recovery projects between 2022 and 2024, and then make the full scheme available from 2024.

Countryside Stewardship

The Countryside Stewardship scheme will continue to be available for existing and new applicants until 2024, with the last new applications being accepted in 2023.

We will improve the way the scheme operates, including simplifying processes and making inspections fairer and more proportionate.

Anyone in a Countryside Stewardship agreement that starts after January 2021 who secures a place in the Environmental Land Management scheme will be able to withdraw and transfer to the new scheme with no penalty at agreed exit points.

All new agreements starting after 2024 will be managed through the new Environmental Land Management scheme.

Defra, Natural England and RPA are currently considering the best Countryside Stewardship options for future scheme applicants to use for wood pasture restoration, especially in the uplands.

Furthermore, we are making air quality an objective of the scheme. This means applicants can now apply to plant a minimum of 0.1ha of trees in areas designated a priority to reduce air pollution. This is in line with the current minimum area required for planting trees for water quality.

Important changes have been made to Countryside Stewardship agreements starting from 2021. For these agreements, we have:

- removed the application of additional penalties for the over-declaration of land and scheme breaches; instead just adjusting the claim to the found area

- changed our approach to inspection, focusing on an on-site review that looks at whether or not the environmental outcomes have been achieved, and that doesn't disproportionately penalise farmers
- developed a system of warnings to give agreement holders a chance to put things right, where that is possible, and still get paid, and offering signposting to advice or guidance to help get things right
- extended the application period for force majeure applications to 8 weeks in line with the Basic Payment Scheme

Catchment Sensitive Farming

[Holdings in High Water Quality Priority Areas](#) could benefit from Catchment Sensitive Farming advice or a Countryside Stewardship capital grant.

The advice and the grant are designed to improve water quality in a high-priority area. Catchment Sensitive Farming will continue to be available from 2021.

Farmers in Protected Landscapes

From 2021, we will provide funding through the Protected Landscapes bodies to support farmers, particularly upland farmers (75% of whom live and work in Protected Landscapes).

The funding will be for farmers and other land managers to make improvements to the natural environment, cultural heritage and public access on their land. It will fund:

- a) Farm-level projects to diversify incomes and prepare for Environmental Land Management
- b) Wider infrastructure and projects on farmland, to support farmers and rural economies



Tree Health

We will launch a new Tree Health scheme in 2024. This will replace the Countryside Stewardship Woodland Capital Tree Health Restoration and Improvement grants.

To help us design the scheme, we will run a pilot in 2021.

The pilot will include support for felling and the treatment of diseased trees in certain situations and restocking following felling.

We will invite eligible participants to apply for the pilot based on confirmation of pest and disease issues on their land by the Forestry Commission. We will provide further details about eligibility when we publish scheme guidance in April 2021.

Woodland creation and support

There are several schemes available for increasing, protecting and managing trees, forests and woodlands

- The Woodland Creation Planning Grant
- Countryside Stewardship
- Woodland Carbon Fund
- HS2 Woodland fund
- Woodland Carbon Guarantee

The Forestry Commission offers a full [overview of woodland creation funding](#).

Sign up to the Forestry Commission's grants and regulations [e-alert](#) to hear about new opportunities.





Animal health and welfare

Two animal health and welfare advice schemes will remain available into 2021:

The [Bovine TB Advisory Service](#)

An on-farm and telephone advice service to help reduce the incidence and severity of Bovine TB breakouts.

Bovine Viral Diarrhoea ‘Stamp it Out’

This project aims to reduce the level of Bovine Viral Diarrhoea in cattle. It offers group sessions and one-to-one on-farm advice, along with some diagnostic testing. [More information on BVD and ‘Stamp it Out’](#).

Animal Health and Welfare Pathway

In 2021, we will continue co-designing the Animal Health and Welfare pathway with farmers and the wider industry. The pathway will support farmers to produce healthier animals to the very highest standards of welfare by providing financial assistance, strengthening the regulatory baseline and improving consumer transparency.

From 2022, we will provide capital grants and financially support vet visits for health and welfare management planning and diagnostic testing. We plan to introduce further support for endemic disease control and for piloting payments-by-results in 2023, contingent on outcomes of ongoing research.

The Livestock Information Programme

This programme provides multispecies livestock traceability services for farmers and the wider industry.

One part of the programme is the new Livestock Information Service (LIS). This will replace three legacy services that trace cattle (BCMS), pigs (eAML2), and sheep, goats and deer (ARAMS) by the end of 2022.

The new system will provide simpler, paperless processes and better data sharing. In time, it will enable improvements in animal health and welfare, productivity and competitiveness.

Defra is working with its counterparts in Scotland, Wales and Northern Ireland to bring together UK data that can be used for animal health, food safety and trade purposes.

Find out more about the [Livestock Information Programme and the new system](#).





Prosperity and productivity

Supporting the resilience of the farming community

Farm Resilience

From 2021, we want to offer more support to more farmers and land managers to help them plan for the period ahead.

This will be a time-limited set of business advice and support services aimed at individuals and businesses most affected by the removal of Direct Payments. It will operate until 2024.

Local support groups can be found through [The Prince's Countryside Fund's Farm and Rural Support Directory](#).

Trade and Agriculture Commission

The Commission will advise the government on how to make sure UK farmers do not face unfair competition nor have their high animal welfare and production standards undermined.

It will also identify new export opportunities for the UK agricultural industry – in particular for small and medium-sized enterprises.

Innovation, research and development

The future prosperity of the sector relies on increased support for innovation, research and development. More details about the Farming Investment Fund (Equipment & Technology, and Transformation) and an Innovation Research and Development Scheme will follow in April and October 2021 respectively.

Farming Investment Fund

From 2021, we will offer funding for equipment, technology, and infrastructure that improves farm productivity and benefits the environment.

It will be a competitive scheme split into two funds, for lower-value and higher-value investments.

Grants will be available for a proportion of the total cost of investment. Eligible investments could include things such as:

- equipment and technology for storing, sorting, or processing products
- robotic or automated technology
- on-farm water storage infrastructure, including reservoirs

We will work with farming bodies on the investments to include.

Detailed information about the eligible investments and scheme guidance will be published in Autumn 2021.

Slurry Investment

A slurry investment scheme will be offered from 2022. It will help to reduce pollution from farming and contribute to the government's 25 Year Environment Plan and Net Zero commitments.

This scheme will help farmers to invest in new slurry stores that exceed current regulatory requirements and are proofed against higher standards that we expect to introduce in the future.

Alongside this scheme, we plan to implement new regulations as part of the Clean Air Strategy to cover all slurry stores.





Regulation and enforcement

Between 2021 and 2024, we will make improvements to the way regulation and enforcement work.

When we delink payments in 2024, we will stop using cross-compliance as the main way to inspect and enforce against baseline regulations (the regulatory requirements all farms have to meet).

We will work with farmers to design a new approach that is more fair, proportionate and effective. We plan to consult on our new approach in 2021. Meanwhile, we will continue to make improvements to existing regulation and enforcement arrangements, starting in January 2021.

Annex: Summary of new schemes

These are our expected dates, but they are subject to change.

Environmental and animal outcomes

Scheme	Arable	Livestock	Foresters/ woodland managers	Growers	Further info	Applications open	Start	End
Forestry Commission Incentives	Y	Y	Y	Y		All year	2020	TBC
Farmers in Protected Landscapes	Y	Y	Y	Y	Feb 2021		April 2021	2024
Tree Health Pilot	Y	Y	Y	Y	Apr 2021	Aug 2021	Oct 2021	2024
Tree Health Scheme	Y	Y	Y	Y	2024	2024	2024	N/A
Animal Health and Welfare Pathway Funding		Y			2021	2022	2022	TBC
New Countryside Stewardship agreements and Capital Grants	Y	Y	Y	Y	Feb – Mar 2021	Feb – Mar 2021	Each year usually from Feb / Mar	2023 scheme year for 2024 starts

Tree Health Pilot – this will not be restricted to forestry or woodland managers. Land managers with trees, including farmers, could be eligible if they have a tree health issue.

Environmental Land Management

Scheme	Further info	Applications open	Start	End
Tests and Trials	Quarterly reports	Ongoing	2018	2024 and beyond
National Pilot – Sustainable Farming Incentive (SFI)	Spring 2021			
SFI 2022	June 2021	2021/22	2022	2024
SFI	2021	2024	2024	N/A
National Pilot – Local Nature Recovery	Summer 2021	2021/22	2022	2024
Local Nature Recovery	2021	2024	2024	N/A
National Pilot – Landscape Recovery	Summer 2021	2021/22	2022	2024 (agreements will last beyond this date)
Landscape Recovery	2021	2024	2024	N/A

Please see the Environmental Land Management section on page 10 for more information on eligibility.

Improving farming prosperity

Scheme	Arable	Livestock	Foresters/ woodland managers	Growers	Further info	Applications open	Start	End
Farm Resilience Scheme (phase 2)	Y	Y	Y	Y	Mar 2021	June 2021	May 2021	Oct 2024
Farming Investment Fund – Equipment & Technology, and Transformation	Y	Y	Y	Y	Apr 2021	Dec 2021	Dec 2021	2026
Innovation Research & Development Scheme	Y	Y	Y	Y	Oct 2021	2022	2022	2028
Slurry Investment Scheme					2022	2022	Autumn 2022	2025
New Entrant Support Scheme					Nov 2021	2022	2022	2024

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Slurry Investment Scheme – Initial focus for eligibility will be on those locations where environmental impact will be greatest and at viable businesses seeking to invest in improved slurry storage.

New Entrant Support Scheme – Defra will design the scheme, including eligibility, in partnership with stakeholders.

Direct payments, lump sums and delinking

Scheme	Further info	Applications open	Start	End
Lump Sum Exit Scheme (subject to consultation)	July 2021	2022	2022	TBC
Delinked payments	2024	2024	2024	2027

To be eligible, it may be necessary to have claimed, and been eligible, under the Basic Payment Scheme in a particular scheme year or years.

Further information

Read [The Path to Sustainable Farming: An Agricultural Transition Plan 2021 to 2024](#) and visit GOV.UK for more information

If you still have questions after visiting GOV.UK, [contact the relevant Defra body](#)

To stay up to date, sign up to the [Defra e-alert](#)

Email rural.payments@defra.gov.uk for a physical copy of this booklet

This booklet was produced by the Future Farming and Countryside Programme communications team. Follow the Future Farming and Countryside Programme [blog](#).



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