

BPS entitlement values down £30/ha on 2016

By Isabel Davies

Basic Payment Scheme (BPS) entitlements are trading for lower values than at the same point last year, with divergent views about where trade could go over the coming weeks.

Hugh Townsend of Townsend Chartered Surveyors said non-severely disadvantaged area (SDA) entitlements are currently trading at £150-£160/ha (plus VAT), compared with about £190/ha at this point in 2017.

SDA entitlements are selling for £200-£220/ha and moorland for £55-£65/ha, he added.

Mr Townsend said the market was steady, but "illogically down" on last year, given the government's guarantee that the amount committed to farming support will stay the same until 2022.

It was therefore possible that prices could start to rise, particularly if businesses that had previously been excluded from claiming BPS by the active farmer rule (see below) decided to buy entitlements, he said.

But George Paton of surveyors Webb Paton said he is not expecting prices to rise significantly. He thinks trade will settle at about £140-£145/ha (plus VAT) for non-SDA entitlements.

The bulk of trades he has seen so far have been at the £145/ha level. "The change to the active farmer rule will help to support prices, but it's not going to drive them up," he said.

While some of the businesses affected by

Entitlement values are down, even though the government has guaranteed current levels of support to 2022



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change to the active farmer rule own significant land holdings, there are not significant numbers of them, he said.

Cheshire-based Rostons said non-SDA entitlements are currently at about £160/ha.

Scotland

Colin Stewart, partner with Galbraith, said the Scottish entitlement market had been fairly active since the start of the year and he

expected it to continue to be busy until the transfer deadline (2 April).

Region 1 entitlements are trading at about 1.25 times the face value (about £220/unit), while Region 2 were selling for about £36/unit (a similar multiplier to Region 1). Region 3 entitlements were at face value (£12/unit).

Mr Stewart said he did not expect the lifting of the negative list (see below) to have any great effect on the market.

Active farmer test dropped for 2018

The active farmer test will not be applied to 2018 BPS claims in England.

Meanwhile, Scotland has also announced a significant relaxation in its active farmer rules by removing the principle of the negative list.

Both decisions are designed to reduce some of the bureaucracy surrounding the process of making a BPS application.

Defra has confirmed that farmers in England will no longer need to meet the 'active farmer' requirement under BPS for 2018 onwards.

Negative list

Until now, one of the key tests for whether farmers were eligible to claim BPS was whether they carried out any activities that fell into the so-called negative list.

The negative list covered non-agricultural activities such as airports, railway services, water treatment works, real-estate services or permanent sport and recreational grounds.

Farmers who carried out any of the activities

on the negative list could establish they were an active farmer and make a claim for direct payments – but only if they met certain criteria for readmission back into the scheme.

Townsend Chartered Surveyors, based in Exeter, said dropping the active farmer rule would remove a claimant's need to pursue this readmissions route, which typically involved paying for an accountant's certificate to prove the business was also farming.

However, it also meant certain claimants that were previously excluded, such as water utility companies, will now be eligible to make a BPS claim in 2018.

'Excessive administration'

Announcing the removal of the negative list in Scotland, rural affairs secretary Fergus Ewing pointed out that it was a positive move.

He promised that in Scotland safeguards would stay in place to ensure funds went to active farmers. All businesses claiming BPS in

Scotland must still meet minimum activity requirements, which remain unchanged.

NFU Scotland president Andrew McCornick said the removal of the negative list would be complicated, as it had been an effective tool for ensuring non-agricultural businesses were not eligible for direct support.

Payment agencies

Payment agencies in both Scotland and England have warned that a question about active farmer status will continue to appear on the 2018 BPS application because it is too late to remove it from the IT systems.

The box must be completed but the answer will not be assessed during the application.

In Northern Ireland, the active farmer question will not be applied from the 2018 scheme year, although the requirement to be an active farmer stands.

Wales has not confirmed whether it will drop the active farmer rule.