

2019 UK  
Entitlement  
Trading  
Market Report

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# UK ENTITLEMENT TRADING MARKET REPORT – CLAIM YEAR 2019

## 1. 2019 ENGLISH BPS ENTITLEMENTS OVERVIEW

- 1.1 As we ended the 2018 trading period in May 2018, the information then available from the government (still looking to a March 31<sup>st</sup> 2019 Brexit) was that 2019 would be the last year of BPS claims, and farmers buying entitlements in 2018 were therefore only assured of using them for two more years' of claims. The average price for entitlements in 2018 was £127 plus VAT for Non-SDA, £192 plus VAT for SDA, and £65 plus VAT for SDA Moorland, and it was expected that the 2019 season could see a drop in the value as there was believed to be only one further year of claims.
- 1.2 However on the 12th September 2018 the then Environment Minister Michael Gove, issued a [press release](#) announcing the Agriculture Bill 2018. In his press release he stated: ***“For 2019, Direct Payments will be made on the same basis as now, subject to simplifications where possible. Direct Payments for 2020 will also be made in much the same way as now. Simplifications will be made as soon as possible, subject to the terms of the overall Brexit implementation period. There will then be an agricultural transition period in England between 2021 and 2027 as payments are gradually phased out.”***
- 1.3 This gave the 2019 entitlement market a boost in that entitlements bought that scheme year could therefore be used for at least two more years' of claims (at the time of writing no firm information is available yet on how the payments will be paid from 2021 to 2027, and whether entitlements would be needed). According to the government, 2019 was the last year (at least notionally!) the funding for these subsidies will be provided from the EU pot, however as the UK (at the time of writing) has still not achieved Brexit, there is always the possibility this could change.
- 1.4 From 2025 onwards, under the Agriculture Bill 2018 the Government proposes there will be new support mechanisms available in the form of Environmental Land Management Schemes (ELMS) which aim to pay landowners “public money for public goods”. This is an indication of how further payments will be made with the intention of area payments and therefore also maybe entitlements continuing until 2027 and maybe beyond if Brexit is delayed further.
- 1.5 One benefit of the Brexit uncertainty in 2019 was the continuing weakness of the pound against the Euro, which gave a favourable exchange rate for payments from the EU to UK farmers for the 2019 payment. During much of the season the predicted 2019 BPS payment (based on the exchange rate at the time which varied between €1 = £0.85-£0.90, and the 2018 payment) for Non-SDA was a healthy £220-230 per ha after FDM and any other adjustments.
- 1.6 Michael Gove's September 2018 press release kick-started the Non-SDA entitlement trading market for 2019, and early pre-December sales were agreed at levels which later turned out to be the top of the market (see graphs overleaf). However the market quietened again after Christmas until the RPA online entitlement transfer application page went at the end of January. Thereafter the market was slow but steady, and more and more sellers came onto the books.
- 1.7 It was not until the 1<sup>st</sup> week of April, after the online BPS claims forms were made available on the 13<sup>th</sup> March, that the market really began to pick up, as agents and farmers turned their minds to preparing their BPS claims, working out what surplus or shortfall in entitlements they had. It is a marked trend for English farmers to complete and submit their BPS claims later and later each year, maybe because they now have more faith in the online application system, and also are aware that transferring entitlements is a quick online application rather than before (in England) when a paper application form needed to be submitted 6 weeks before the annual 15<sup>th</sup> May deadline!).

1.8 When we hit four weeks before the transfer deadline, the market dipped as nervous sellers began to accept lower offers from purchasers (who were still in no hurry), and once the price had dropped below £100 plus VAT for Non-SDA, many more buyers came to the market. 67% of the trade this firm did in Non-SDA Entitlements for the 2019 season was done in the last four weeks before the deadline.

## 1.9 **How our graphs are prepared**

As before, we are publishing raw data graphs illustrating in detail how the different regional Entitlement markets behaved during the 2019 trading period, which for England with us started in September 2018, and ended on the 15<sup>th</sup> May 2019. Because we use only raw data, there have been no adjustments such as averaging prices for a week or a day, rounding up or down, and any contributions towards the vendor's sale costs made by purchasers of small lots on top of the purchase price per entitlement are excluded. These graphs show the results of each individual transaction.

## 1.10 **General market factors in 2019 trading period**

1.10.1 On the 12<sup>th</sup> September 2018 the Agriculture Bill 2018 was presented to Parliament, and although its main focus was looking to the future of support mechanisms for farmers/landowners beyond BPS, it did confirm that support would be paid in 2020 "*on the same basis*" as in 2019 by the UK Government (rather than the EU), i.e. by making a BPS claim. So entitlements sold in 2019 would have two years' of life, rather than just the one as previously expected.

1.10.2 There was also mention in the Bill of the (reducing) BPS payments being made from 2021-2027 based on a "reference year" rather than having to make a claim each year, and how these could possibly be paid as a lump sum to assist in retirement, reinvestment or diversification planning for farming businesses to enable them to cope with a future without direct area-based subsidy support. It was felt that these proposals could encourage farming businesses to maximise their claims for the next few years to ensure they received the maximum possible during 2021-2027.

1.10.3 In addition to the boost from the Agriculture Bill there was also (in September 2018) a devalued pound at around €1 = £0.90, which indicated a 2019 claim payment, based on the 2017 payment rates, of approx. £230 per ha as at 25.9.18, which was almost the same as in 2017.

1.10.4 In 2019 the online entitlement transfer screen went live at the end of January, however there were immediately problems with the online system, and the automated confirmation of transfer message system was shut down from the 6<sup>th</sup> February for two weeks.

1.10.5 In 2019 the BPS online claim forms were available from the 13<sup>th</sup> March.

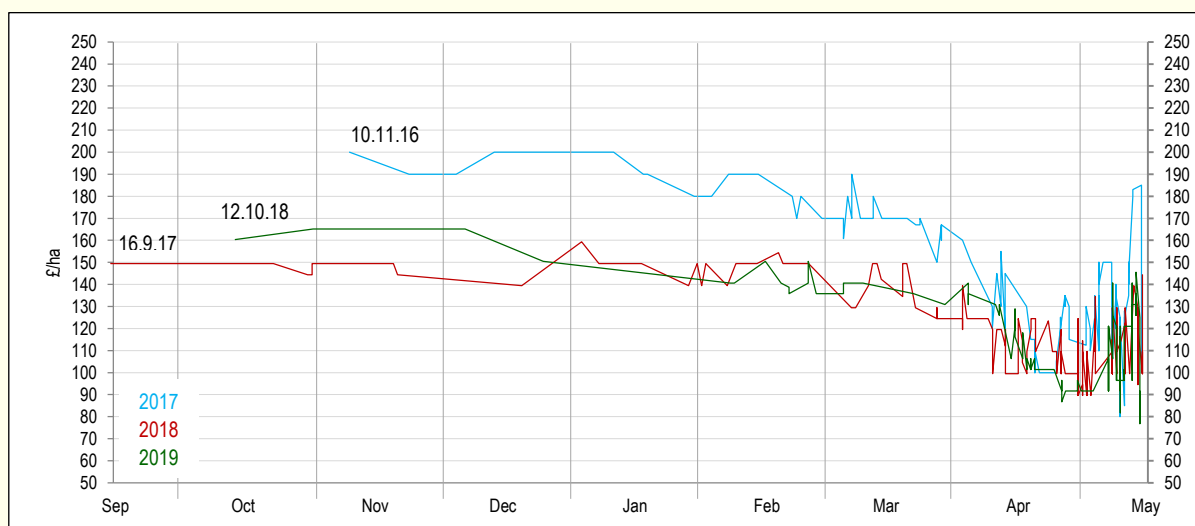
1.10.6 Although many agents/buyers contacted this firm in early 2019 wanting to buy entitlements, most were very happy to wait until the last couple of weeks before the deadline to actually buy. This may be simply due to many agents not being able to confirm their client's shortfalls until the last minute (no doubt due to farmers themselves leaving their BPS claims later and later), and also to canny purchasers wanting to buy at the bottom of the market, when sellers are nervous that they won't secure a sale before the deadline.

1.10.7 Minimum fees charged to sellers by Townsend Chartered Surveyors began to rise in small incremental steps from mid-April (starting at £250 plus VAT, and rising to £530 plus VAT by the last few days before the 15<sup>th</sup> May deadline).

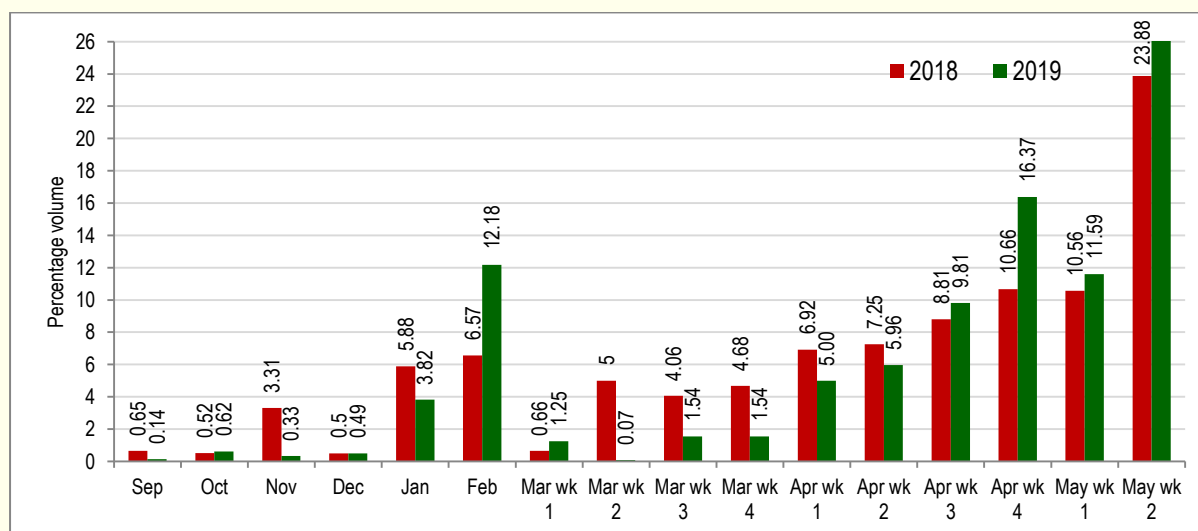
## 2. ENGLISH NON-SDA (VAT reg'd)

- 2.1 The first sales were agreed in late September 2018 starting at £150 plus VAT (higher than the average price of £127 for entitlements sold in 2018).
- 2.2 A few further sales were agreed in October/November/December with the price rising to £165 plus VAT by December.
- 2.3 In January some larger buyers came to the market, and some sellers with large amounts of entitlements to sell agreed sales at £150 and even £140 plus VAT for the larger lots.
- 2.4 By February, however, more sellers had also come to the market, and the usual supply and demand dynamic meant that the price began to soften. Sales were therefore agreed at between £132 (for large lots) and £150 in February.
- 2.5 In March demand continued to pick up, but likewise so did the supply of available entitlements from sellers. Sales were steady and were agreed at between £135-150 depending on the lot size, and whether the seller was VAT registered.

Graph A – Non-SDA VAT registered sales of >10 ha

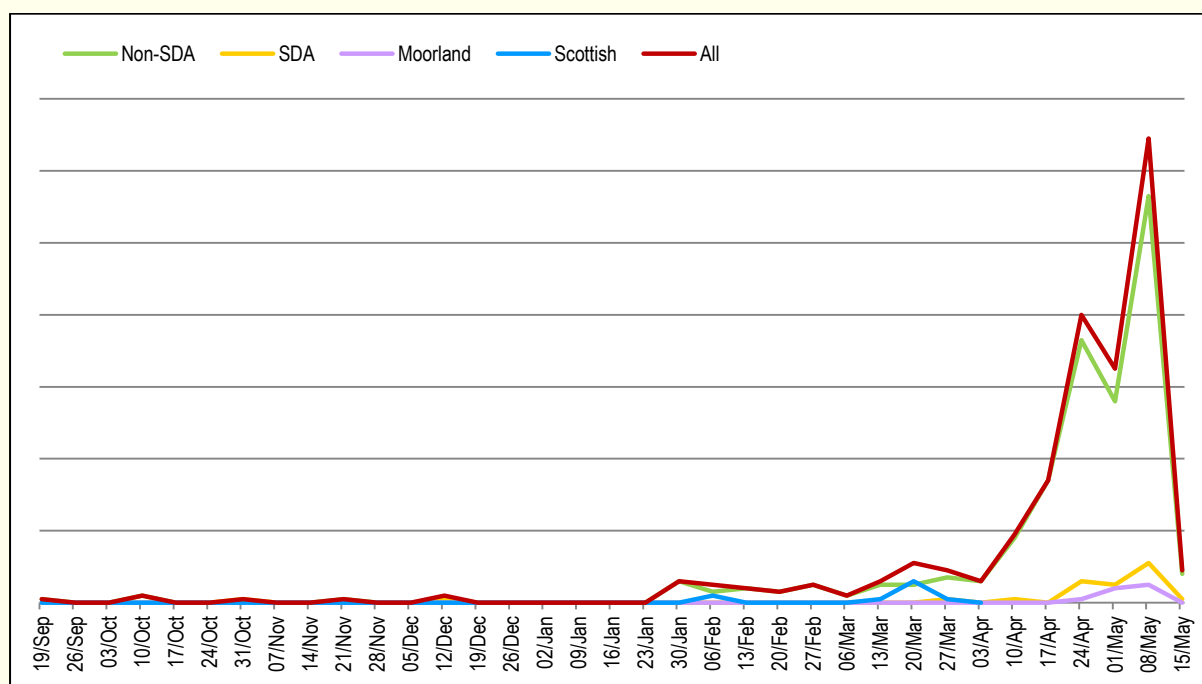


Graph B – Percentage volume of all Non-SDA sales in months and weeks



- 2.6 By the first week of April a number of sellers were ready to accept lower offers, as they wanted to ensure they got something for entitlements they would lose if they did not sell. The buyers who had offered previously under the market price were mostly now able to agree purchases at £125-140 (depending on lot size). There began to be no difference between VAT and Non-VAT sales as there were few Non-VAT buyers.
- 2.7 By the end of the second and into the third week of April, with now only just over a month until the 15<sup>th</sup> May deadline, sales were agreed between £115-135, with a couple as low as £105 plus VAT (for some 40+ lots).
- 2.8 On 17<sup>th</sup> April the market “crashed” as nervous sellers with large blocks to sell began to accept offers at £100 plus VAT, and many buyers jumped in and agreed purchases at this level. Over the next week many sales were agreed at £100-105 for mid-large lots, and some small lots (less than 5 ha) were sold at £125 plus VAT.

Graph C – 2019 Weekly flow of trade



- 2.9 By 23<sup>rd</sup> April the first sales were agreed at under £100 plus VAT, starting at £95 but soon dropping to £90 plus VAT, and this tempted more buyers to the market. Over the next couple of weeks entitlements traded steadily at £90 plus VAT for whatever size lot the buyers wanted. At this point in the season we were agreeing double the number of separate sales per day as compared to the week before. (See Graph C – weekly flow of trade.)
- 2.10 By the 8<sup>th</sup> May the supply of sellers prepared to sell at £90 (i.e. those who would lose their entitlements if they did not sell them in 2019) had just about dried up, and buyers who contacted us looking for a last minute bargain instead found the price was rising. Over the 8<sup>th</sup> & 9<sup>th</sup> May sales were agreed (depending on lot size etc.) at £100-140 plus VAT.
- 2.11 The increase in price however only lasted until more sellers came onto our books, and between 10<sup>th</sup> and 13<sup>th</sup> May more than 100 separate sales were agreed with the price varying from moment to moment to between £80-140 per entitlement, again depending on lot size.

- 2.12 On the 14<sup>th</sup> & 15<sup>th</sup> May there was still good last-minute demand from buyers, and the price paid ranged between £75-145 plus VAT depending on lot size (only one sale at £75), with most being around £125-135, but also some very small lots were sold at £190-195 per ha.

Graph D - Non-SDA VAT registered sales of <10 ha



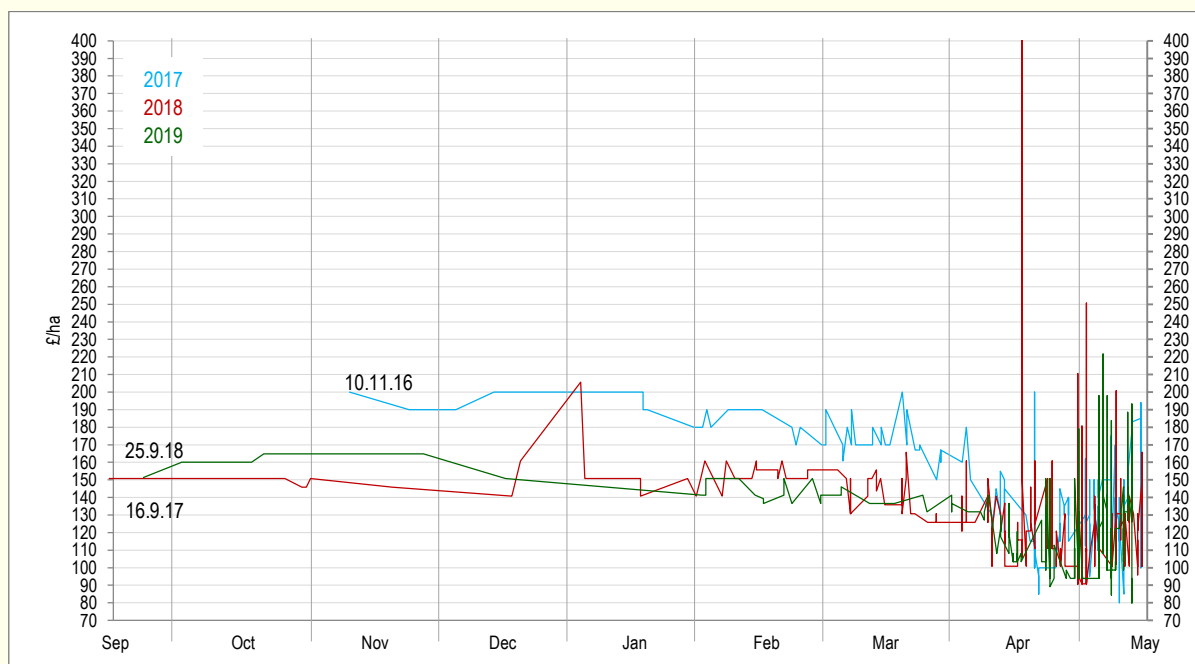
## 2.13 Demand for small lots

- 2.13.1 As can be seen from Graph D above, the price agreed for lots less than 10 hectares remained steady from mid-September to the end of February, averaging around £150 per hectare. However from the beginning of March the price began to drop as a number of nervous sellers accepted lower offers, and over the month the average small lot VAT registered price was £135-140.
- 2.13.2 The first two weeks of April saw the price continue to decline, with sales being agreed at £120-140 depending on the number sold. However the Non-SDA market crash in the third week of April (from 17<sup>th</sup> April) saw a big drop for all Non-SDA, regardless of lot size or VAT, and a number of sales were agreed at £100. This price drop brought a lot of buyers to the market, and the small lots traded at £90-100, with some sales being agreed at £110-118 for the very small lots.
- 2.13.3 In the first week of May all lot sizes were trading at £90, although there were a few exceptions for extremely small lots (i.e. less than 3) where prices were agreed at £95-225. The minimum sale fee charged had started to rise by this point, and those small lot sellers who would not lose the entitlements if not sold in 2019 became more reluctant to accept the lower offers. However simultaneously there were larger sellers, who initially had been wishing to sell in only large blocks, who began to accept the bids for small lots at the £90 level.
- 2.13.4 In the second week of May, as with the larger lots, the supply of sellers prepared to sell at any price had just about dried up, although of course some new sellers kept on coming, and the small lot price fluctuated wildly on an almost hourly basis. Sales were agreed at prices between £95-225.
- 2.13.5 In the last couple of days leading up to the deadline, the majority of sales agreed were small lots of around 10 ha, and prices agreed ranged from £110-190.

## 2.14 Season averages

The average price paid for 2019 Non-SDA entitlements (of all lot sizes) over the whole of the season (Sept 2018 to May 2019) was £111.65 plus VAT.

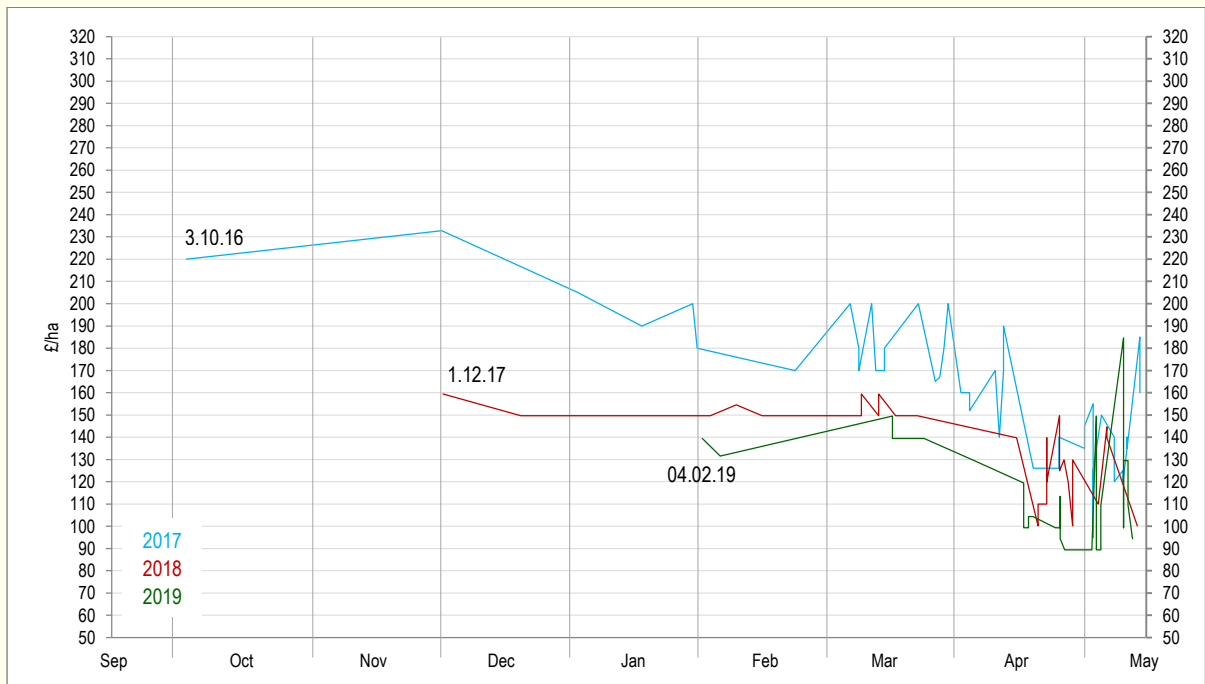
Graph E - Non-SDA VAT registered sales – all lot sizes



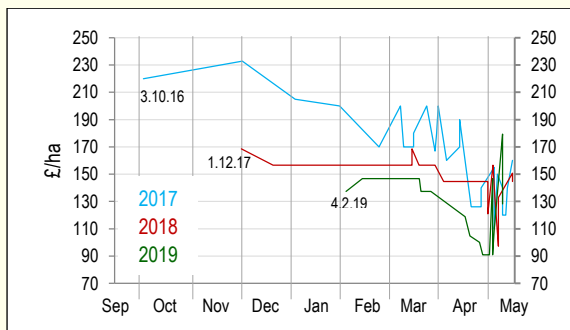
## 3. ENGLISH NON-SDA (Non-VAT Reg'd)

- 3.1 There was little demand in 2019 for Non-VAT entitlements, and therefore the Non-VAT sellers' hope for a 10% premium on top of the normal sale price was not often achieved. The first Non-SDA Non-VAT sales were not agreed until the 4<sup>th</sup> February (see Graph F overleaf) with the first sales being agreed at £140, with one sale at £132 for an extremely large lot and some were agreed as low as £130. In the second week of February small lots achieved £150, but most lots continued to trade at £140-150 throughout February, March and mid-April.
- 3.2 On the 17<sup>th</sup> April when the market crashed, this of course also affected the Non-VAT market, and a number of sales were agreed at £100-105, representing a 10% uplift compared to the VAT registered market. In the two weeks that followed the market fluctuated due to supply and demand at the time, and sales were agreed at £90-£114 up to the end of the month.
- 3.3 As May began, the increasing minimum sale fee began to bite the non-VAT sellers (as of course it was 20% higher for non-VAT sellers who could not recover the VAT), and although there were sales agreed at the £90 level, sellers of smaller non-VAT lot became harder to find. In the second week of May sales were agreed at £95 to £185, and in the last two days before the deadline, sales were agreed at £125.
- 3.4 The average sale price for Non-SDA, Non-VAT registered lots of all sizes in 2019 was £107.57, lower than the VAT registered average unusually.

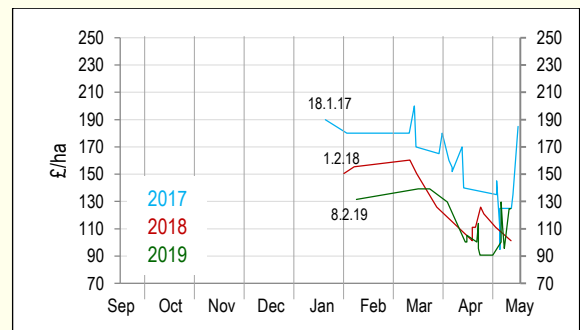
Graph F - Non-SDA Non-VAT sales – all lot sizes



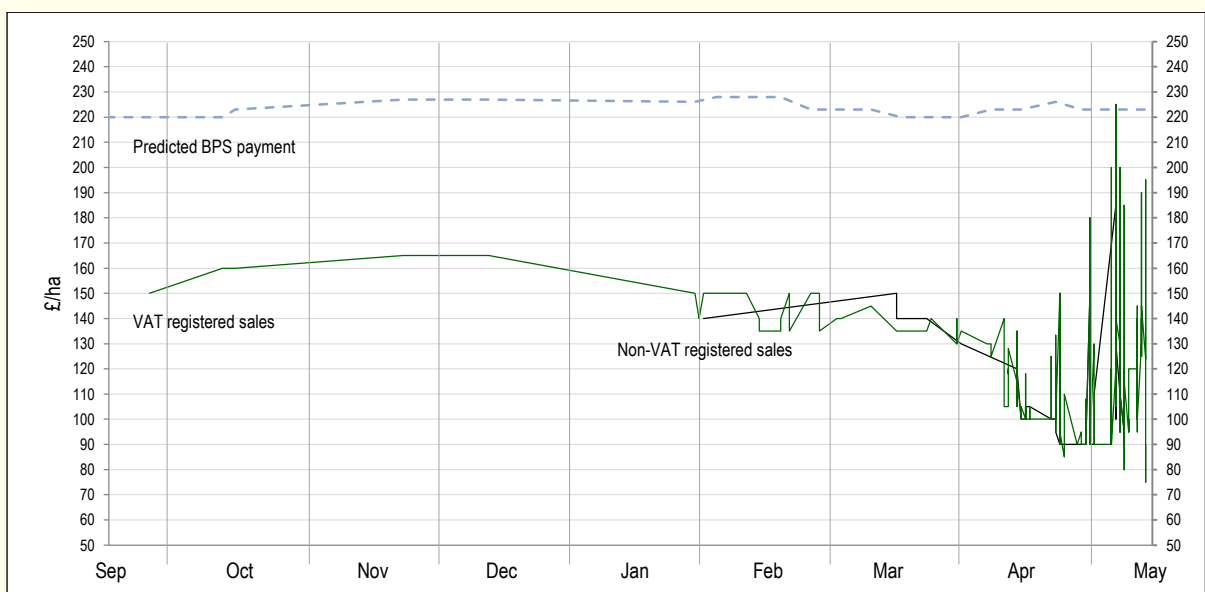
Graph G - Non-SDA Non-VAT registered sales <10 ha



Graph H - Non-SDA Non-VAT registered sales >10 ha



Graph I – Non-SDA – 2018 - All lot prices against predicted BPS payment

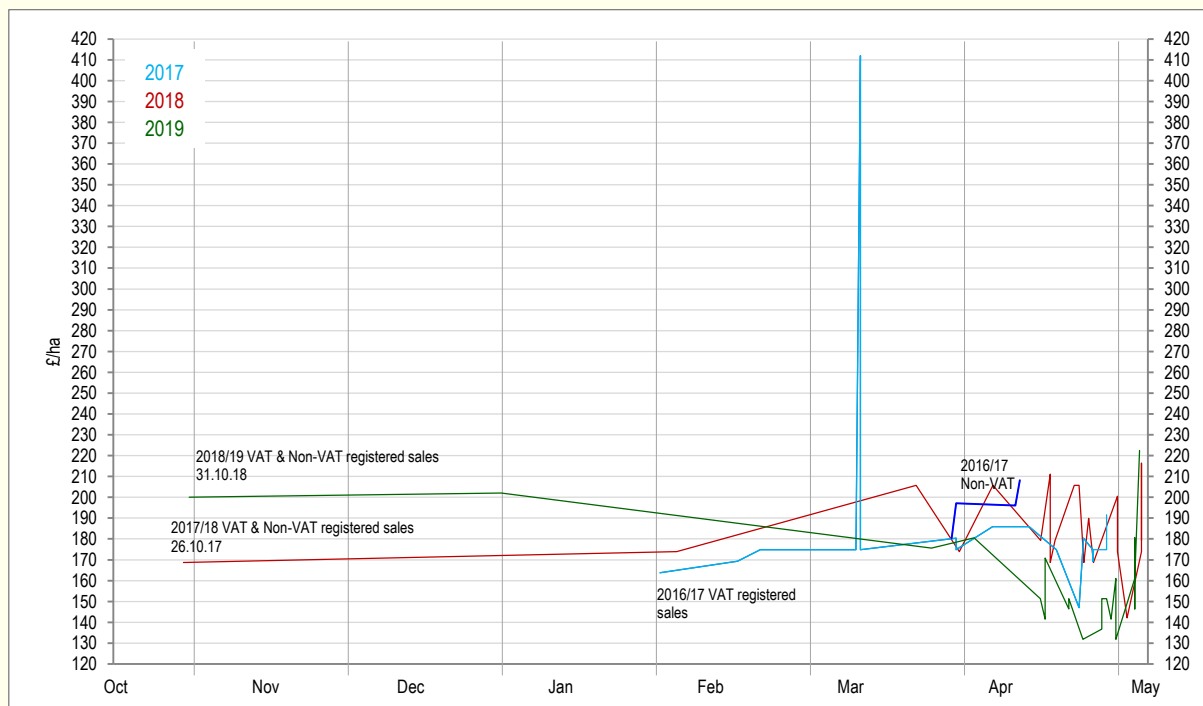




#### 4. SDA

- 4.1 Demand was unusually weak for SDA entitlements for the 2019 season, bucking the trend of the last few years when there was never enough supply to meet demand. However the buyers that came to the market were still prepared to pay more for SDA than for Non-SDA entitlements, despite the SDA payment per ha being slightly less than the Non-SDA.
- 4.2 The first sales of SDA entitlements were agreed in late October 2018 at the same level the 2018 season finished, being £200 plus VAT.
- 4.3 By December sales were agreed at prices just nudging over £200 plus VAT.
- 4.4 The market then became very quiet until late March 2019, when the buyers starting putting in firm offers, and sales were agreed at £140-180 plus VAT over the next couple of months depending on lot size, and whether the seller & buyer were both non-VAT registered.
- 4.5 By early May, demand did pick up, and in the last week leading up to the deadline, over 50% of all our SDA sales for the whole season were agreed. Prices ranged from £130-160 plus VAT, with the last sale of the season being agreed at £223 plus VAT.
- 4.6 There was no major uplift in Non-VAT registered sale prices compared to VAT registered, however all non VAT sales achieved at least £150 per entitlement.

Graph J - SDA – all lot sizes – VAT and Non-VAT registered sales



- 4.6 There were (unusually!) very few sales of non-VAT SDA entitlements.
- 4.7 The average price paid for 2019 SDA entitlements (of all lot sizes) over the whole of the season (Sept 2018 to May 2019) was £156.49 plus VAT.

#### 5. SDA Moorland

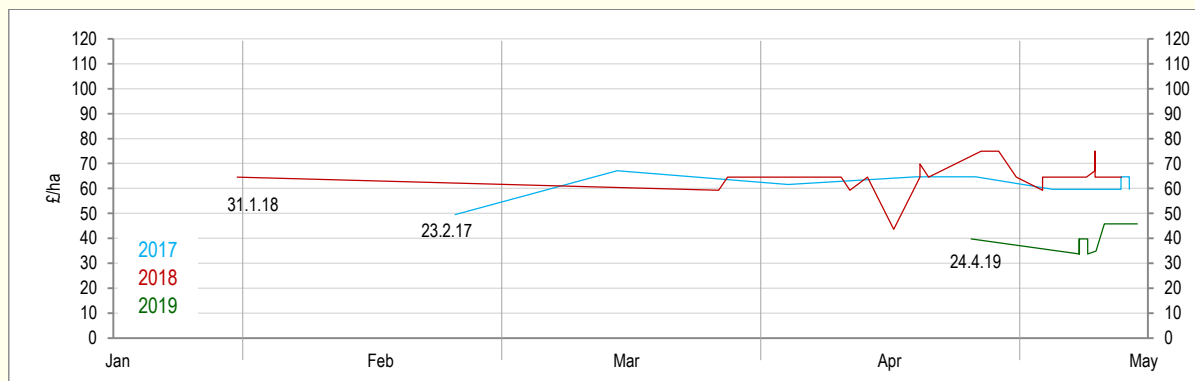
- 5.1 Unusually there was a good supply of Moorland entitlements available for sale from early in the trading season and sellers were hoping to achieve around £50-60, where the 2018 season had ended.

However for the first time in many years, the demand was simply not there and the first sale was agreed in late April at £40 plus VAT.

5.2 In the last two weeks before the deadline, further sales were agreed with prices ranging from £35-45 plus VAT depending on lot size.

5.3 The average price paid for Moorland entitlements over the whole 2019 scheme year was £39.10 plus VAT.

Graph K - SDA-Moorland



## 6. LEASING

In 2019 we did not do any leasing, as the purchase price was low enough that most farmers were happy to buy them outright. We have found that RPA leasing has not proved to be popular since it was introduced in 2015, other than as a tool for a landlord to pass on entitlements temporarily to a tenant.

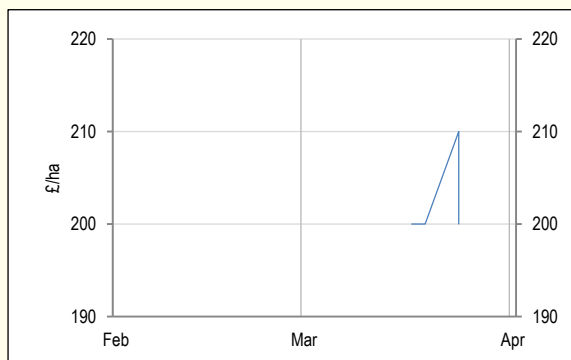
Table of comparative average sale and leasing prices for England

Type (/ha)	2012	2013	2014	2015		2016	2017	2018	2019	% change 2019:18
				1 <sup>st</sup> window	2 <sup>nd</sup> window					
Non-SDA	£230	£218	£230	£130	£98	£192	£144	£127	£111	-13%
SDA	£209	£193	£260	£153	£147	£213	£208	£192	£156	-21%
SDA-Moorland	£34	£43	£53	£58	£64	£69	£61	£65	£39	-40%
Naked Acres	£50	£49.50	£53	-	-	-	-	-	-	
Hosting (/ac)	-	-	£47	-	£53.50	-	-	-	-	
Leasing	N/A	N/A	N/A	-	-	-	-	£45.00 Non-SDA	-	

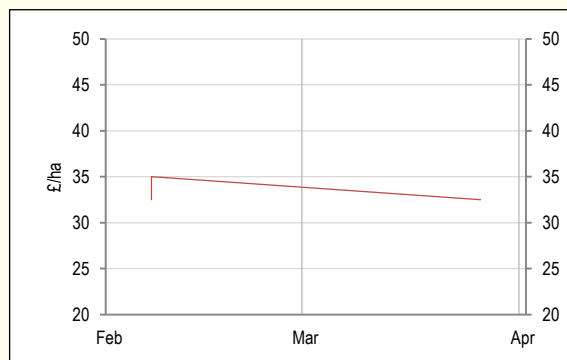
## 7. OTHER UK MARKETS REPORT

### 7.1 Scotland

Graph L – Region 1



Graph M – Region 2



7.1.1 In Scotland, as with England, there are three different regions for entitlements, being Region 1 (better agricultural land), Region 2 (rough grazing) and Region 3 (rough grazing with an LFA grazing category A). Region 1 for 2019 will be paying €160.66 as the BPS element, plus greening if eligible (at approx. 30% on top), equivalent to £217.73 before FDM, assuming an exchange rate of €1=£0.89092; Region 2 will be paying €34.35 as the BPS element, plus greening, equivalent to £43.13 before FDM; and Region 3 will be paying €9.80 plus greening equivalent to £12.90

7.1.2 2019 was the final year of a siphon being applied to the BPS element of Scottish entitlements being transferred without land, and as such SGRPID confirmed that the value of the BPS element of the entitlement would be reduced by 30% after transfer to the buyer. However they also confirmed that sometime between entitlement transfers being processed and confirmed, and the SGRPID running the BPS claims for 2019, all entitlements would be converted to flat rate value for their Region, and so in effect the siphon would be cancelled out.

7.1.3 Applications to transfer Scottish entitlements are still made using paper PF23 forms to be received by the RPID by the deadline of 2<sup>nd</sup> April 2019. Therefore transfers are processed manually, and this results in a long delay between submission of the application, and then confirmation of transfer. The SGRPID confirm that they aim to process all transfer forms before running the BPS claims for 2019.

#### 7.1.4 **Region 1**

7.1.4.1 There was a good supply of Region 1 entitlements available from October 2018 however Scottish farmers traditionally leave sorting out their BPS claims until the last minute, and this was certainly the case this year.

7.1.4.2 Sales of Region 1 entitlements were agreed in March at between £200-210 plus VAT (or a multiplier of approximately 0.9 x face value).

7.1.4.3 The average lot size sold in this office in 2019 was just over 20 entitlements.

#### 7.1.5 **Region 2**

7.1.5.1 There was unusually strong demand for Region 2 entitlements, and the first sales for some large lots were agreed in early February at £32.50-35.00 plus VAT (or a multiplier of 0.75 x face value).

7.1.5.2 The last sale of 250 ha of Region 2 entitlements was agreed at £32.50 plus VAT in the last few days leading up to the 2<sup>nd</sup> April deadline.

7.1.5.3 The average lot size sold in this office in in 2019 was 340 per deal.

### 7.1.6 **Region 3**

7.1.6.1 There was no demand for Region 3 this season, being the lowest value Scottish entitlement, although they were available at around face value (i.e. £12-15/unit).

## 7.2 **Wales**

7.2.1 In Wales all land is classified as one Region, and with all Welsh BPS entitlements being converted to Flat Rate for 2019 the expected BPS and greening payment was approx. €266 (£237) for the first 54 ha (including the redistributive payment), and then €136 (£122) per ha for remaining claim, excluding greening.

7.2.2 The deadline for submission of an online transfer application for Rural Payments Sales was 30<sup>th</sup> April 2019.

7.2.3 However, even more than last year, 2019's Welsh entitlement market was again characterised by oversupply and low prices. It is not clear why there is so little demand, other than speculation that Welsh farming families are very good at passing on parts of their farming businesses to the younger generation, who can then apply to the National Reserve for free entitlements. This, along with the two year usage rule, would mean that there are many unused entitlements each year, and that supply and demand logic results in depressed sale prices.

7.2.4 Average prices achieved in January per entitlement were £82 per entitlement, in February of £53, in March of £41.50 and £52 in April.

## 7.3 **Northern Ireland**

7.3.1 2019 Northern Irish entitlements are in a single Region, but still have different values depending on the historic element. Northern Irish entitlements move to a Flat Rate by 2021/2022.

7.3.2 Mid-value entitlements were expected to have a claim value of around €227 plus €100 greening, which equates to a predicted payment of £290-300 per entitlement (based on the 2018 exchange rate of €1=£0.89281).

7.3.3 The deadline for submission of online (and paper) transfer applications was 30<sup>th</sup> April.

7.3.4 There was good demand for Northern Irish entitlements, and they traded at close to face value throughout the season, however higher value entitlements (which will be reducing in value) achieved closer to 0.9 x face value, and lower value (which will be increasing in value) achieved slightly higher multipliers.

7.3.5 Given the high sale prices, there was also a leasing market, and high value and mid value entitlements were leased at around 50% of their earning capability (i.e. BPS payment & greening).

7.3.6 There was a small collapse in prices in the last weeks leading up to the deadline as the market became flooded with Regional Reserve entitlements that had been released to farming businesses who then sold them straightaway.

## 8. AVERAGE 2019 MULTIPLIERS OF MARKET VALUE V BPS PAYMENT RATES FOR ENTITLEMENTS SOLD ACROSS THE UK

- 8.1 Due to the historic payment element of entitlements in Scotland, Wales and Northern Ireland as they move to a flat rate, these entitlements have in the past been sold using a multiplier. We call this the Regional Method. In 2019 England, Scotland and Wales all had a flat rate payment. It is interesting to create a multiplier of the face value to market value for each type of entitlement for each region. This allows us to compare the relative worth of each type of entitlement across the UK. The multiplier is based on the trading value against the sterling value of the estimated payment to be received by a successful claimant. For the 2019 year most agents used the 2018 BPS exchange rate of €1 = £0.89281 to estimate the sterling value of the entitlements. The multiplier in Northern Ireland was often further adjusted based on what type of value the BPS entitlements have, i.e. entitlements with a low value historic element have been increasing in value as they move towards the flat rate, and high value entitlements have been decreasing in value as they move to the flat rate.
- 8.2 An interesting comparison can be made when the same technique is applied to the sale. For example Non-SDA entitlements traded in 2019 (used the 2018 payment values as the 2019 exchange rate was not yet been announced) were based on a Basic Payment of £233.37. If an entitlement was sold at £111.65/ha, this would mean it had been sold at a multiplier of 0.48 x face value (of the total payment).
- 8.3 The multipliers below are therefore calculated based on the Basic Payment including Greening and the Redistributive Payment (Wales only).

Entitlement Type	Average Multiplier of the 2018 Basic Payment element (Average Price/ha)
English Non-SDA	0.48 (£111.65/ha)
English SDA	0.67 (£156.49/ha)
English SDA-Moorland	0.62 (£39 /ha)
Scottish Region 1	0.94 (£205/ha)
Scottish Region 2	0.75 (£32.50/ha)
Scottish Region 3	1.06 (£13.50/ha)
Welsh	0.24 (£57.12/ha) on first 54 ha due to RP. (0.65 if over 54 ha.)
Northern Irish	1.0-1.1*

\*As the payment rates in the regions vary due to the inclusion of a historic element an Average Price per hectare is not appropriate.

- 8.4 For 2019 the multipliers show English Non-SDA as the best value for money, costing less than half the annual payment. Scottish Region 3 is the worst value for money costing more on average than their payment value, reflecting their scarcity. It is worth noting however that smaller Welsh purchasers with claims of less than 54 ha were able to buy at the very best value for money, over and above English Non-SDA due to the ability to receive the Redistributive Payment. Once this is removed they had a similar rate to English SDA and Moorland.

## 9. RPA ONLINE ISSUES IN 2019 SCHEME YEAR

- 9.1 The English RPA online system has to cope with huge amounts of data, and has built within it rules which enable it to process certain transactions automatically, easing up on staff workloads and enabling most transactions to happen (in theory!) quickly and easily. Most transfer applications go through fairly smoothly, however no computer programme designer can foresee every possible scenario, and each year new issues arise that no-one has considered. And there were, as usual, a number of glitches that arose during the 2019 entitlement transfer period.

- 9.2 In 2019 the online entitlement transfer screen went live at the end of January, however we noticed there were immediately problems with the online system, being:
- a) a number of submitted transfer applications did not get confirmed automatically despite the entitlements being live and available from the seller, and;
  - b) those transfer applications that were confirmed were confirmed multiple times (up to 8), which caused concern to sellers that they were transferring out more entitlements than they wished.
- 9.3 Townsend Chartered Surveyors notified the RPA of these issues and were advised that:
- a) the transfers that were not being confirmed automatically were due to the computer still looking for the “active farmer” confirmation for the transferee (despite this not being required under BPS rules since 2018), and;
  - b) the multiple confirmation of transfer messages was due to a computer glitch (and we were assured the entitlements were only being transferred once, it was just the messaging system that was incorrect) that they would need to resolve.
- 9.4 Following on from notifying the RPA of these issues, the automatic confirmation of transfer messages system was shut down from the 6<sup>th</sup> February for a fortnight while the RPA IT team applied a fix to the multiple confirmation of transfer messages issue.
- 9.5 However the “active farmer” issue holding up entitlement transfers to transferees who had not made a claim in 2018, or whose 2018 BPS claim was still not paid, was still not resolved. Initially we had been advised that this would be fixed when the RPA IT department applied the “Release1” update on the 12<sup>th</sup> February. However this did not happen, and in the end it was not fixed until “Release 2” was applied on the 1<sup>st</sup> March.
- 9.6 However after the 1<sup>st</sup> March, despite the online system now allowing new transfer applications to be confirmed to transferees who had not made a claim in 2018, or who were still awaiting their 2018 claim payment to be made, it did not automatically confirm all the transfer applications that had been submitted online prior to the 1<sup>st</sup> March, and which were stuck in “Pending”. Therefore we had to contact the RPA to ask them to “push through” each individual pending transfer application submitted prior to the 1<sup>st</sup> March.
- 9.7 As every year, there were also transfer applications that were delayed from transferors who had not yet had their 2018 BPS claims processed – mainly commons claimants who are always paid last. This issue may even cause the transferees’ 2019 claim payments to be delayed, as if the transferor’s BPS claim from 2018 is not processed before the 2019 BPS claim payment run, then those 2019 claimants who have bought entitlements from a commons claimant will find their claim payment held up until the transfer to them is processed. A very unfair situation, particularly when the RPA computer can see that the transferor activated enough entitlements in 2017 to supply the ones they have sold, even if some were to be subsequently clawed back for 2018 once they complete processing the 2018 claim (which they were supposed to have done by 30 June 2019 in any event!).
- 9.8 A number of transfers of common land entitlements, especially New Forest, have been delayed until December 2019 due to a further computer glitch.
- 9.9 **Use by date complications**
- 9.9.1 As reported in our 2018 Entitlement Trading Market Report, there were a number of cases whereby transfer applications were successfully submitted online, but the confirmation of transfer message specified a 2017 or 2018 use by date.

- 9.9.2 This anomaly occurs where a farmer has been paid for their 2017 or 2018 claim, but has an outstanding PPA query on payments received/areas claimed in 2015, 2016 or 2017, or where the RPA are re-examining claims in those years as is often the case for commons' claimants (many of whose queries from 2015 still remain unresolved). Where this happens the RPA computer automatically puts the entitlements for the year of the query on hold and reverts the start of the "use by" date period for the claimant's entitlements to the previous year until the query is resolved. However the computer's automatic entitlement transfer process only checks the previous year's entitlement register to ascertain whether the entitlements are available to transfer. As in this particular scenario the 2018 entitlement register shows the transferor was paid and the entitlements were activated, the computer therefore automatically transfers the entitlements, however with an incorrect use by date.
- 9.9.3 Where this happens, the RPA cannot amend the incorrect use by date on the computer manually, and their advice is the transferor should continue to submit transfer applications, and that "all being well" the computer will simply update once the PPA is complete. As we know, the "use by" history of entitlements should relate only to the SBI and not the entitlements, and therefore if the computer transfers them (as they were claimed on successfully in 2017) to a new SBI, the use by date relating to the transferor's SBI should be irrelevant.
- 9.9.4 It is important to understand that in most cases PPA queries raised by claimants relate to underpayments, not overpayments, and therefore it is likely an SBI will have MORE entitlements, not less, once a query is resolved. However the RPA are unable to give any written assurances of this, or speed up the resolution of any outstanding PPA queries or the processing of outstanding 2017 (or before) claims. The RPA confirmed that the intention was to resolve all outstanding PPA queries before processing the 2018 BPS claims however we know their good intentions are not always achievable.
- 9.9.5 As an update we can confirm that the RPA never did notify us of a resolution to this issue, and we do not now expect them to. However where this happened in 2018, the transferees did receive their 2018 BPS claim on the entitlements that had the 2017 use by date in December/January. It was only upon receipt of confirmation from the buyers that this had happened that we were able to release the sale proceeds to the sellers.
- 9.9.6 Therefore for 2019 in the instances where this has happened again, we have accepted the RPA reassurance that, as long as the entitlements transfer, they will be available to be used by the transferee in their next claim, regardless of any use by date showing.
- 9.10 **Stalled & then "disappeared" entitlement transfer applications**
- 9.10.1 We had one client who was selling on entitlements that had been transferred to him in 2019. Whilst we had already submitted a number of transfer applications for this client successfully, we noticed that, for no obvious reason, a number (and not all!) of the transfer applications had gone into pending. We established with the buyers that there were no "active farmer" reasons for this hold up, and then contacted the RPA to query this.
- 9.10.2 We were notified by the RPA that there had been a "system problem" with some of the entitlements transferred to this particular transferor, which meant that the RPA online computer system didn't recognise that the entitlements could be transferred out. However once we highlighted the issue, the RPA corrected the "system problem" and emailed us to advise that that we could now submit transfer applications once again.

9.10.3 We were then shocked, however, to find that all the transfer applications that had been in “pending” for this client had simply disappeared after the RPA applied their fix. When we queried this with the RPA, we were simply told those transfer applications had vanished, and we should “re-enter the missing transfers” which would then go through (which they did).

#### 9.11 CAAV notice on 14 May 2019

9.11.1 Further to our experience with disappearing transfer applications set out in 9.10 above, which we thought was due to a one-off due to a specific “system problem” with one lot of entitlements, the CAAV sent out a message to members on 14<sup>th</sup> May advising as follows:

9.11.2 *“If members find that they have “missing” entitlements transfers which are not showing on the Rural Payments service, it seems that there may be an issue meaning that the transfers are not getting picked up correctly by the system. If this is the case, members should attempt to re-enter the transfers to ensure they have been correctly picked up by the system and show as completed (or ‘pending’ if the SBI is subject to some 2018 claim validation work, meaning the transfer will be completed for the effective date entered once the 2018 claim is at “Ready to Pay” or “Paid” status). Please check entitlements transfers carefully to make sure they are showing on the system before midnight tomorrow (15<sup>th</sup> May), the entitlements transfer deadline for use with a BPS 2019 claim.”*

9.11.3 As a result, on the 15<sup>th</sup> May we had to login in to all our client’s RPA online accounts to check that all the transfer applications we had submitted for a whole season were still showing on the RPA online system, and had not disappeared.

#### 9.12 Incomplete Entitlement history showing online

As in previous years, there were again a small number of instances where a client’s entitlement records were simply incorrect, or missing. In one instance a farmer had claimed successfully and been paid in 2016 and 2017 but was awaiting their 2018 claim to be processed, and yet their RPA online entitlements screens did not show that any entitlements had been used in one or all of the preceding years to correctly reflect this. When this issue was highlighted to the RPA, they were able to confirm that the client had indeed had their entitlements activated in the 2016 & 2017 scheme years by checking the “back-end” screens, however they were unable to amend the “front-end” screens to correctly reflect this. Therefore although this client’s entitlements could be transferred, they would not show a valid use by date of at least 2019 (2 years from 2017). The RPA advised that the error would be resolved once the 2018 claim had been processed and “run through a system-based transition which should refresh the use by years allowing them to be transferred or used”.

For previous year’s trading graphs and results please [click here](#) and scroll to the bottom of the page, then click on the graphs you would like to see.



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