

SPRING 2020 NEWSLETTER – 20.3.2020

Our office is in full swing with the UK BPS claims, entitlement/carbon/water licence trading, stewardship and our other work at this time of year. Although the Coronavirus has changed the way our back office operates, you should experience no difference in the way we are working.

You can still contact us by phone or email at all the usual numbers, addresses and times.

We look forward to working with you as usual to meet all the UK-wide BPS claim and entitlement trading deadlines up to the 15th May.



Hugh Townsend
FRICS. FCIArb. FAAV.

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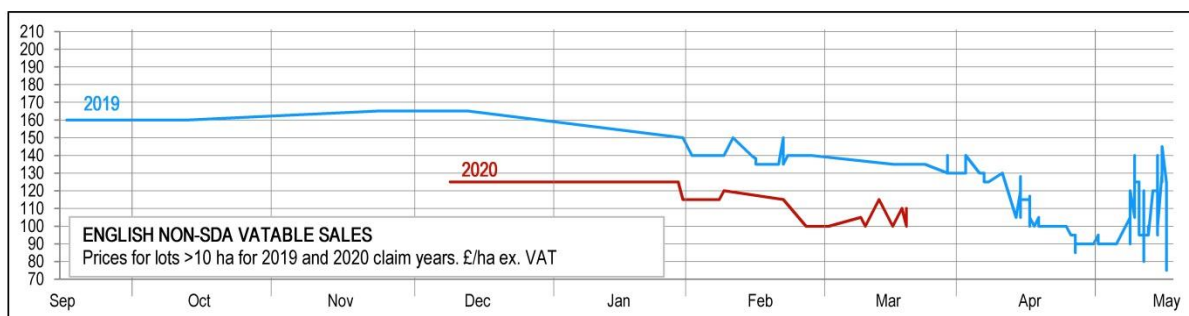
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1. UK ENTITLEMENT TRADING UPDATE

Non-SDA

Despite the many distractions that currently surround us, trade is so far continuing much as last year. There have been a good number of large blocks of 40+ entitlements sold, with most being agreed at £100-110 plus VAT. Mid-sized blocks have been selling at £120-140, and small lots have sold for as much as £160, in some cases with a contribution by the buyer to the seller's fees on top, depending on how small a lot, and whether the seller and buyer are VAT registered or not. With an expected payment of around £230 per ha in December 2020, and, say, 95% of this per ha in 2021 along with the ongoing reducing payments until 2028 (or a delinked one-off payment sometime after 2022), this represents a great return. If you would like to discuss your Non-SDA entitlement requirements, please contact Julia Clark.

There has also been renewed interest in naked acres, with some farmers with surplus entitlements wanting to maximise their claims over the next couple of years in case they end up being reference years for the de-linkage currently proposed in the draft Agriculture Bill. Entitlement owners are offering £50-60 per acre for Non-SDA naked acres. If you have naked acres available and would like to discuss how this works, please contact Hugh Townsend.



SDA

After a slight dip in value SDA entitlements are holding steady at £170-£180 per unit. They are available in lots ranging from 9 to 160. Non VAT registered entitlements are also in demand.

Moorland

We have completed large sized sales at £35 per unit plus VAT. Several large lots are still available with vendors willing to sell in decent sized blocks.

If you are new to, or would like further information on, the English entitlement and BPS market please see our English BPS Entitlements User Guide [here](#) where you can also see how to order a free ecopy of our book or the £25 paperback version.

If you sell entitlements through us, you will need to authorise us on the appropriate Rural Payments online system. This is a simple process, details of which can be found [here](#) for the RPA or on the attached PDF and you can also find our English seller's guide [here](#), which will explain the process of selling your English entitlements.

If you are buying entitlements through us, the process is explained in our buyer's guide, which can be found [here](#). Please ensure first you have taken advice as to whether you qualify for the New Entrants or Young Farmers scheme.

SCOTTISH - DEADLINE 2nd APRIL

With the transfer window closing in just over a week, it is crucial that any transfers are agreed with sufficient time to sign and return paperwork. It is an interesting time to buy; a surplus of Region 1 and 2 entitlements has driven the price down from £200 when trading started, meanwhile there is a great shortage of Region 3 and a strong demand. The payment values in Scotland for 2020 are guaranteed to be at least the same as last year, ensuring a good return on the initial expenditure in just the first year of claiming. Whilst the talk in England is of a tapering reduction in BPS payment values from 2021, the Scottish Parliament is talking of maintaining current payment values for several further years, maybe until 2024. Therefore if you have eligible unclaimed land now could be a shrewd time to buy. We have Region 1 lots of between 10-250 which have been trading at £155-165 plus VAT per unit, and Region 2 lots of up to 200+ which have been trading between £35-45 per unit. Buyers are offering £10-14 plus VAT for large quantities of Region 3.

If you are new to, or would like further information on, the Scottish entitlement and BPS market please see our BPS Entitlements User Guide [here](#) where you can also see how to order a free ecopy of our book or the £25 paperback version.

If you sell entitlements through us, you will need to authorise us on the Scottish Government's Rural Payments and Services online system. This is a simple process, for more information please contact us. For more information you can also view our seller's guide [here](#), which will explain the process of selling your entitlements through our firm.

If you are buying entitlements through us, we will require the Transferee's SGRPID business name and address, BRN and Main Location Code. The process is explained in our buyer's guide, which can be viewed [here](#). Please ensure first you have taken advice as to whether you qualify for the New Entrants or Young Farmers schemes, and that you are an "active farmer".

WELSH - DEADLINE 30th APRIL

Vendors are offering lots ranging from 20 to 100 in size. Interest is picking up and we expect them to go quickly. They are being offered at £65-£75 per unit plus VAT.

If you are new to, or would like further information on, the Welsh entitlement and BPS market please see our BPS Entitlements User Guide [here](#) where you can also see how to order a free ecopy of our book or the £25 paperback version.

If you sell entitlements through us, you will need to authorise us on the Rural Payments Wales online system. This is a simple process, for more information please contact us. For more information you can also view our seller's guide [here](#), which will explain the process of selling your entitlements through our firm.

If you are buying entitlements through us, we will require the Transferee's RPW business name and address, and CRN number. The process is explained in our buyer's guide, which can be viewed [here](#). Please ensure first you have taken advice as to whether you qualify for the New Entrants or Young Farmers schemes, and that you are an "active farmer".

NORTHERN IRELAND - DEADLINE 4th MAY

We have seen a surge in demand and have several purchasers looking for lots ranging from 3.5 and 6.5 up to 48 and 80. Prices are subject to the flat rate value of the entitlements and as a rough guide the BPS element of the entitlements are trading at face value.

If you are new to, or would like further information on, the Northern Ireland entitlement and BPS market please see our BPS Entitlements User Guide [here](#) where you can also see how to order a free ecopy of our book or the £25 paperback version.

If you sell entitlements through us, you will need to authorise us on DAERA's Online Service. This is a simple process, for more information please contact us. For more information you can also view our seller's guide [here](#), which will explain the process of selling your entitlements through our firm.

If you are buying entitlements through us, we will require the Transferee's DAERA business name, Business ID and Entitlement Transfer ID. The process is explained in our buyer's guide, which can be viewed [here](#). Please ensure first you have taken advice as to whether you qualify for the New Entrants or Young Farmers schemes, and that you are an "active farmer".

2. CURRENT ENTITLEMENT TRADING AVAILABLE AND WANTED

You will find our most recent entitlement trading updates by clicking [here](#). You can view/download the 2019 UK Entitlement Trading Market Report [here](#).

Please use these links to find what is [available](#) and [wanted](#), however for the most up-to-date prices and offers do contact us.

Other services we offer, including formal valuations of entitlements, which may interest you include:

[RPA dispute resolution](#)

Maladministration
Underpayment
Inspection results
Appeals/complaints

[Commons network](#)

“Minchinhampton” case
Compensation claims
Managing ongoing BPS claims
Common right issues

[BPS claims](#)

Advising on and submitting BPS claims
Advising on Landlord/Tenant entitlement issues
Chasing payments
Checking previous BPS payments/claims
New Entrant/Young Farmer applications

3. CARBON CAPTURE AND TRADING

We are pleased to announce the opening of our new agency desk trading carbon units adding to our other UK entitlement and water abstraction licence trading desks.

Over the past few years, Government policy has led to an increase in demand for woodland carbon projects with the Committee for Climate Change of 2019 building upon the Climate Change Act 2008. Stating a target of net zero carbon emissions by 2050, this makes the UK the pacesetter amongst the major world economies. All companies from April 2019 are encouraged to measure and report their greenhouse gas emissions, whilst large companies are obliged to do so by law. Many businesses have also already started to look at tree planting and carbon trading to offset emissions. The 2050 targets will probably only be achieved through a series of incentives/penalties to encourage offsetting, thus the market for carbon units has significant growth potential. [Read more...](#)

4. CHANGE TO CLAIM RULES FOR ENGLISH NEW AND YOUNG FARMERS

Under English BPS rules, there are only two circumstances in which new entitlements can be issued to claimants by the RPA, which are to Young Farmers and/or New Farmers. A New or Young Farmer can apply only once to receive entitlements equal to their total eligible land area minus the number of entitlements they already hold. Young Farmers are also eligible for an additional top-up payment for five years. It is worth noting that if a person applied once as a New Farmer, they cannot then apply again as a Young Farmer or vice versa. [Read more...](#)

5. ENGLISH COUNTRYSIDE STEWARDSHIP – CLAIMS NEED NOT BE COMPLICATED

The application period is now open for agreements to start on the 31st January 2021. These must be submitted by the 31st July 2020.

Last week we discussed the variety of options available under the Countryside Stewardship scheme, which offers public money for environmentally beneficial land management. However, there is a complex administrative process behind these payments. This can be divided into two elements: applying for an agreement and, once accepted, making claims on an existing agreement. Both have a number of potential pitfalls.

How do you apply for Countryside Stewardship?

At the application stage, the land manager must complete an application form explaining their status, the kind of agreement they are seeking and the options for which they wish to claim. Option choice is particularly important: once an agreement is in place, new options cannot be added except in response to RPA maladministration. Also, the choice of options on the application is a key determinant of whether the application will be assessed as valuable enough to justify granting an agreement. Advice from an expert will be useful in putting together a selection of options to suit your holding and increase your chance of a successful application. Not all applications are successful. The mid-tier wildlife offers are an exception to this in that, provided guidelines are met as to which options are used, your application will always be accepted. Even these schemes however allow some choice of options so it is sensible to ensure that the application makes the best possible use of your land. [Read more...](#)

6. ENGLISH COUNTRYSIDE STEWARDSHIP – STAYING ON THE RIGHT SIDE OF THE RULES WILL ENSURE YOU GET YOUR PAYMENTS

Countryside Stewardship (CSS) payments are ultimately based on your land/holding management meeting a set of rules. That means the RPA needs to be able to check that those rules are being met. One way to do this is to send inspectors onto the holdings of agreement holders. A percentage of holdings are inspected at random each year, but the RPA will also target a number of holdings which they believe are of interest.

How will I know if I am due an inspection?

Officially, you are not supposed to know that your holding is to be inspected until 48 hours before the inspection. However, CSS inspections are actually planned many months in advance and there are a few indicators which can suggest one may be likely:

- If you receive notification of an amendment to your agreement which you did not request, and your CSS land has not been remapped recently, this could be a sign. This is because CSS inspections processing requires agreements to match Rural Land Registry data much more closely than when claims are processed. If you then call the RPA about the amendment and receive only a vague explanation such as a generic computer error, an inspection may be on the way.
- In general, larger agreements are inspected more often as larger amounts of public money are at stake. If your agreement has a total value of £100,000 or more, it would not be uncommon to see multiple inspections over the five year term.
- If a paperwork error is made, such as failing an evidence check or claiming more option area than the RPA believes you have, you are much more likely to be inspected. Using a professional to submit your claims can mitigate this risk.

[Read more...](#)

Other services we offer which may interest you include:

[Agri Environment Schemes and Rural Grants](#)

Environmental Land Management Schemes

Countryside Stewardship Schemes

Woodland Grants.

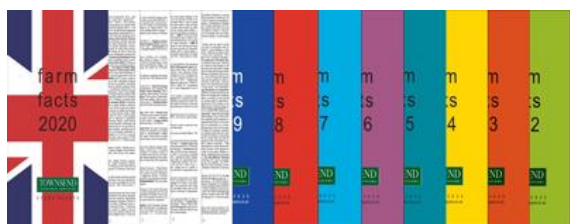
7. WATER ABSTRACTION LICENCES AVAILABLE AND WANTED

Available - 23,000 m3 per annum in the Middle Dee catchment area

Wanted - 150,000 m3 per annum in the Essex Combined catchment area

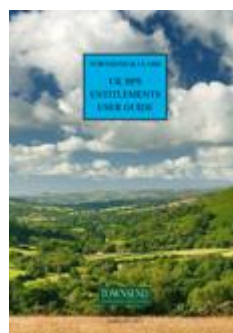
If you are interested in buying, selling or obtaining a new licence please contact Hugh Townsend.

8. FARM FACTS 2020



To order your FREE copy of Farm Facts 2020, which is out now, please contact Kathy Dean on 01392 823935 or email kdean@townsendcharteredurveyors.co.uk.

9. UK BPS ENTITLEMENTS USER GUIDE



Still the leading and only publication of its type. To order your free e-copy or £25 paperback email kdean@townsendcharteredurveyors.co.uk



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VAT is payable on Entitlements traded (sold or leased) without land, unless the seller/lessor is non-VAT registered. Unless otherwise stated all the above entitlements are offered for sale/lease without land and VAT will be due on the price agreed. The entitlements listed above are offered subject to documentation/contract/submission. I Please note we also only act on a subject to contract/documentation basis when buying or leasing Entitlements for our clients. We do not enter into oral contracts on behalf of any of our clients. Entitlements listed may include lots offered by other agents where prices quoted would include an introductory commission payable to Townsend Chartered Surveyors. I The usage rule: farmers must use all their entitlements in a single application at least once every two years, otherwise the unused entitlements will be lost to the National Reserve. I The 2019 BPS payment in England, including the greening value, was confirmed on the 05.11.19 as €261.39 for Non-SDA, €259.45 for SDA and €71.19 for SDA Moorland, less the Financial Discipline Mechanism. The BPS 2019 payments exchange rate was announced on the 1.10.19 as £0.89092. The 2019 FDM was announced on the 02.12.19 as 1.432635%. I The minimum claim size is five hectares. I Unless specifically instructed in writing we are unable to provide advice in respect to the Basic Payment Scheme or any other schemes under the Common Agricultural Policy of the European Union, especially how they may affect a particular vendor's or purchaser's eligibility for the Basic Payment Scheme or any UK Direct Payment Scheme that is introduced following the Agriculture Bill 2018. Any such comments or statements made by Townsend Chartered Surveyors verbally during the process of buying, selling or leasing entitlements, or otherwise cannot be relied upon unless such advice is provided in writing following receipt of written instructions for Townsend Chartered Surveyors to provide such advice. Any such oral comments or statements do not form part of our entitlement agency instructions or any transfer contracts. I Townsend Chartered Surveyors cannot be held responsible for any quotes, prices, rates or advice given in light of any future Common Agricultural Policy reform, which is subject to approval from the European Parliament and Implementation Regulations, or Brexit negotiations and/or UK agricultural support post-Brexit.

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