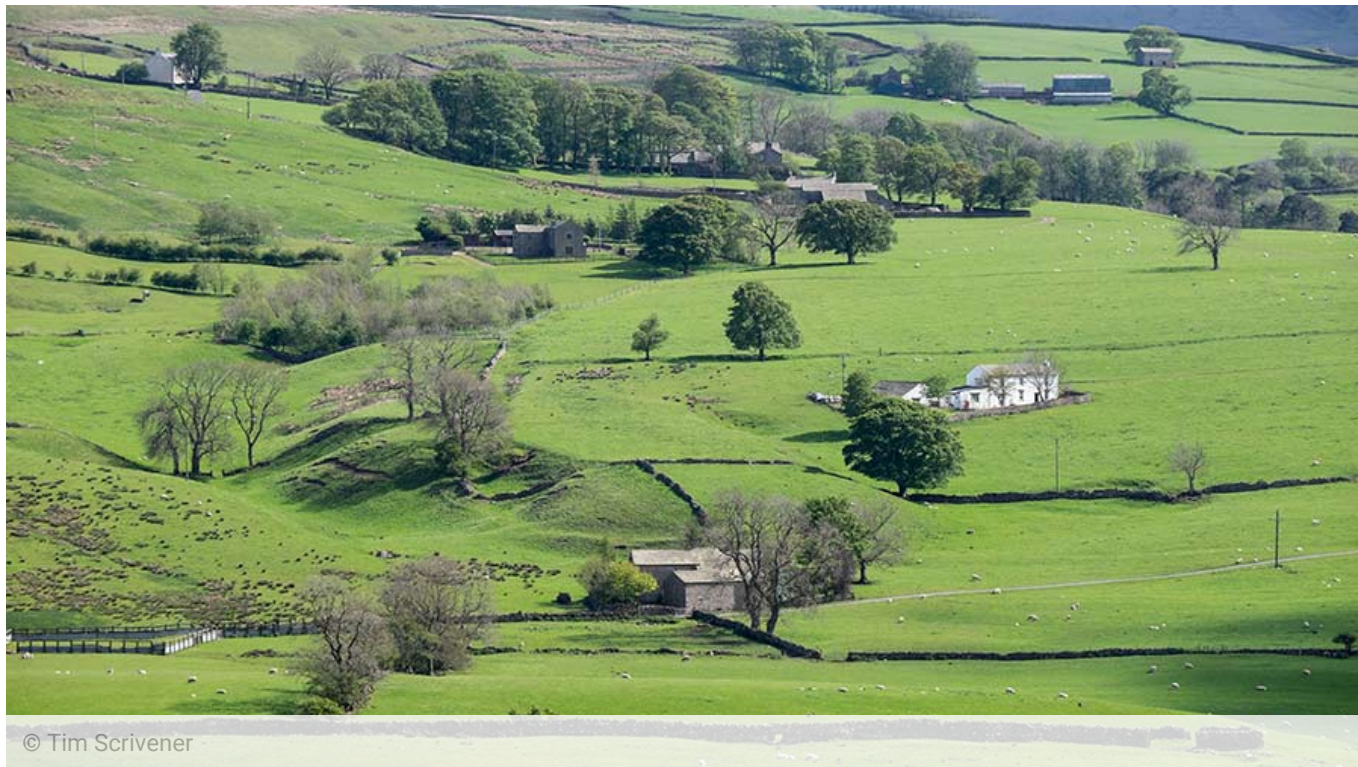




Entitlement values firm in first year of BPS reduction

Isabel Davies 23 March 2021



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Brokers are starting to see more activity in the market for Basic Payment Scheme (BPS) entitlements, with prices marginally higher than at the same point last year, despite 2021 being the first year payment reductions will take effect.

England's non-severely disadvantaged area (SDA) entitlements, which account for the bulk of entitlements bought and sold each year, are currently trading at about £110-£115/ha (plus VAT).

SDA entitlements are currently selling at £170-195/ha (plus VAT), with moorland entitlements making £35/ha.

See also: [Exit payments: What should farmers do to prepare for 2022?](#)

Hugh Townsend of Townsend Chartered Surveyors said prices were a little bit firmer than at this point last year and suggested the market could be more finely balanced this year than in the

past.

The prospect of a lump sum exit scheme being introduced in 2022 was encouraging some farmers who might have previously considered selling to hold on to their entitlements.

The knock-on effect of this had been seen in increased interest in naked acre letting, where a farmer who has excess entitlements rents land with no entitlements attached.

The price of naked acres had already risen to £80/acre, compared with £60/acre in 2020, Mr Townsend said.

With farmers facing the first cuts to their BPS payments in 2021 and the prospects of a delinked payment in 2024, there are also signals that some farmers might be looking to maximise the number of entitlements they claim on with the hope it will maximise a future payout.

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Active market

Ian Potter of Ian Potter Associates said for the time of year there had already been quite a bit of activity.

Although the company wasn't being inundated with calls from buyers, sellers were fairly scarce.

"It is very day-to-day at the moment. If we get 50 units in, they have gone in a couple of days," he said.

Mr Potter said some people did appear to be placing a value on the possibility that any lump sum exit payment might be related to the size of their 2021 BPS claim.

"There is a school of thought that the only real mechanism they can use [to work out a lump sum payment] is BPS," he said.

“There is absolutely no evidence to support that, but I think it is quite clear there are some people who are placing some value on it and thinking they should claim the maximum BPS area they can this year.”

Mark Dyson of Mark Dyson Surveyors in Exeter said, as ever, the price of entitlements bore little relation to the yield people would get from them and it was more down to supply and demand at any particular point.

The deadline for transfers in England is 17 May.

Scotland and Wales

The deadline for entitlement trading in Scotland is 6 April, with the latest prices for region 1 about £155/ha, £35/ha for region 2 and £15/ha for region 3.

In Wales, where the transfer deadline is 15 May, entitlements are available at £65/ha.

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