

# New factors emerge in final trading year for BPS entitlements

Suzie Horne 15 March 2023



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The final year of being able to buy and sell English Basic Payment Scheme (BPS) entitlements is seeing a slow start to trade in a market that is very difficult to call.

Trade can take place at any time in a claim year up to the 15 May BPS application deadline.

However, it tends to pick up once the application window opens, with slightly more than half of transactions said to be completed in the final two weeks of the application window.

See also: [Advice on 2023 BPS claims as delinked payments near](#)

The market is particularly difficult to assess this year because of the widening value of BPS payments for 2023, with progressive cuts putting scheme income anywhere between £151/ha for the smallest claims band and £105/ha for the largest.



## Tesco under fire for new 'fulfilment fee' for suppliers

As well as the usual changes in land holdings which drive supply and demand for entitlements, the trade for 2023 sees some new factors. These include:

- Demand, although limited, from Retirement Lump Sum Exit Scheme applicants who can still make a 2023 claim and need to tidy up their claims to match land and entitlements
- The need for Sustainable Farming Incentive claimants to have a minimum 5ha BPS claim
- While this year's claim does not affect the size of the delinked payment from 2024 onwards, a BPS claim must be made this year in order to qualify for delinked payments, so there will be demand from those who need to match their entitlement numbers with their area claim, following land holding changes.

## BPS applications open

The application window opened this week on 14 March, with the range of values for non-severely disadvantaged area (SDA) entitlements at £70-£115/ha and slightly more interest in the market.

Broker Townsend Chartered Surveyors has many more English entitlements wanted than offered, but this is pretty standard at this point in the market, says Hugh Townsend, who is transacting deals at anywhere between £90/ha and £115/ha.

"If you want to receive delinked payments, you have to put in a BPS claim for this year – that's very important," he says.

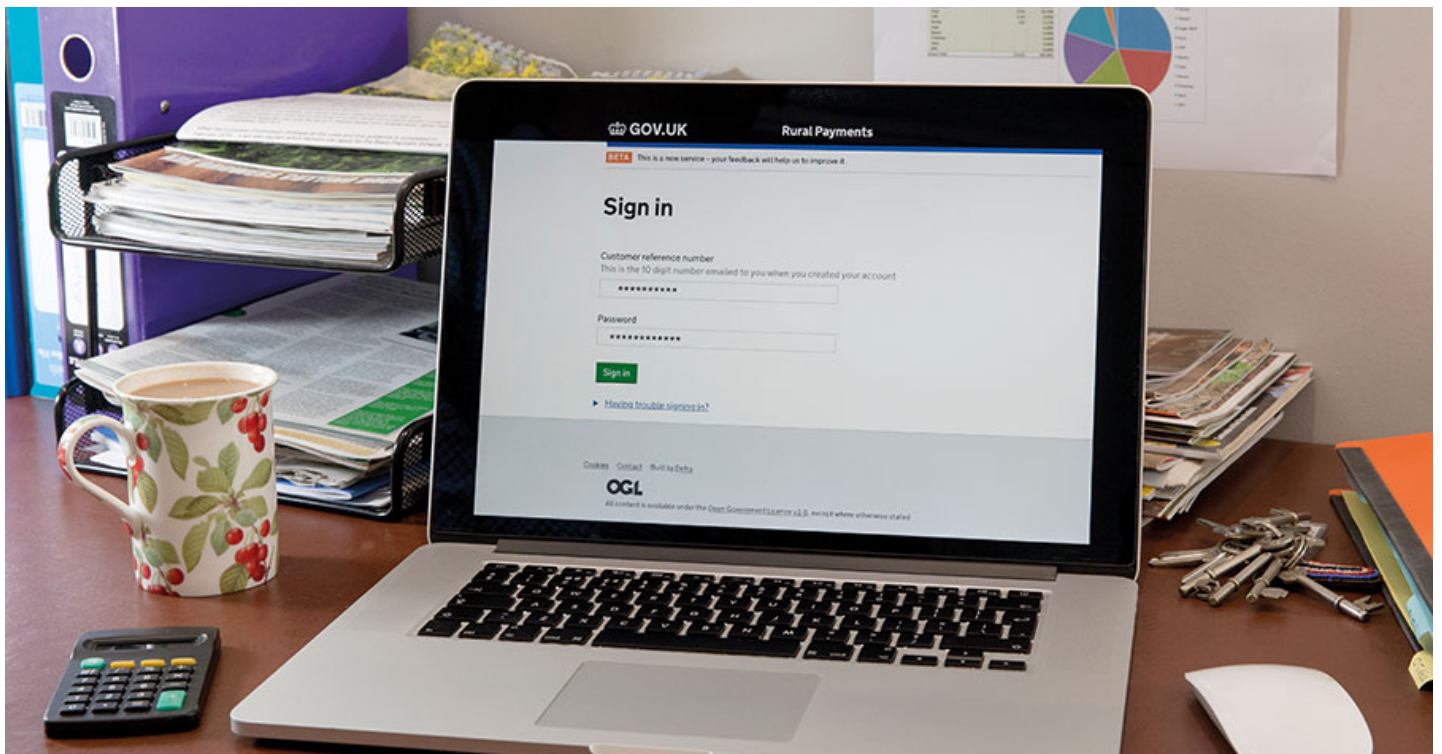
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“We kicked off at £100/ha this year compared with an average of £180 last year. This year is very difficult to call; it will be a case of supply and demand each week.

“Once vendors and purchasers are all registered to trade, it will be a case of who blinks first.

“The price range depends on lot size and VAT-ability [most trades are subject to VAT]. Small lots are more expensive.”



Most trades are carried out online, and extra time will be needed for paper trades © Gary Naylor

At Wiltshire broker Webb Paton, George King says those with larger claims and needing to buy entitlements are waiting for the market to drop, but for now the value is holding strong at £100/ha for non-SDA entitlements, with demand to match supply.

The firm has sellers with between 5ha and 230ha to shift, while on the buying side, interest is for anything from 8ha to 150ha-plus.

Alice Kearns of Rostons agency in Cheshire is moving entitlements at between £80/ha and £100/ha, with most trades at £90/ha to £100/ha and few Lump Sum Exit Scheme buyers in evidence.

The vast majority of trades are executed online, with immediate effect for the transfer.

However, for those using the paper route via an RLE1 form, Miss Kearns cautions not to leave things too late and to allow at least two weeks because of postal unreliability.

In Kent, Matthew Sawdon of Hobbs Parker thinks there will be more entitlements on the market than buyers will be looking for. He has done some 2023 transfers for £100/ha but says most are at £70-£80 a unit.

Brokers report little or no interest so far in SDA and Moorland entitlements.

## Tax losses on entitlements

Once payments are delinked next year entitlements become worthless. It may then be possible for some farmers to make a negligible-value claim, offsetting capital losses on entitlements against gains made elsewhere, so reducing their capital gain tax liability.

## Entitlement values elsewhere

### Scotland (trading deadline 3 April)

**Region 1** No trade, values expected in region of £150

**Region 2** No trade, values expected in region of £40

**Region 3** Limited trade at £13-£15/ha

### Wales (trading deadline 15 May)

No trade but values estimated at £50-£60

### Northern Ireland (trading deadline 3 May)

No trade but value expected in region of 1x face value

*Source: Townsend Chartered Surveyors*

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