

Introducing the Agriculture Act 2020

The Agriculture Act is wide-ranging legislation covering UK agricultural policy following the UK's exit from the EU. It has enabled the government to reshape domestic agricultural policy.

Basic Payment

Of chief concern to farmers is the phasing out of Basic Payment Scheme (BPS) payments.

This will have a profound impact on many farming businesses. DEFRA estimated in 2018 that, without direct payments 42% of farms would have made losses.

New Legislation Key Points:

- **Financial assistance**
New public payments for public goods such as air and water quality, public access, and productivity.
- **Countryside Stewardship**
Transition from Countryside Stewardship to the Environmental Land Management (ELM) Scheme. ELM to be the main stay of future farm support. The full roll out will be around the end of 2024.
- **Direct payments**
For farmers in England, direct payments will be phased out over a 7-year transition period from 2021. The last year that direct payments will be made is 2027. Payment reductions will be applied in a 'fair way', with higher reductions initially applied to the higher payment bands.
- **Other financial support**
Aid for fruit and vegetable producer organisations. Powers to modify regulations to provide support for rural development.
- **Food security**
There will be a duty to report to Parliament at least every three years on UK food security.
- **Agri-foods supply chain**
Provision to increase transparency and fairness in the supply chain and to improve market data. Penalties for non-compliance.
- **Farming and the Countryside**
There is a broader definition of the meaning of fertilizer as well as an update to the regulations.

The Act allows the establishment of a scheme under which the red meat levy collected by one body can be paid to another.

- **Agricultural Tenancies**

Amendment to the Agricultural Holdings Act 1986 (AHA) and the Agricultural Tenancies Act 1995 (ATA) to provide for other professional bodies as well as the RICS to appoint arbitrators. This includes the Presidents of the Central Association of Agricultural Valuers and the Agricultural Law Association.

It enables tenants to refer to arbitration/third-party determination for landlord's consent, where it is difficult for tenants under the terms of their tenancy to access new schemes providing public money for public goods. Amendments to succession procedures under the AHA 1986. This removes certain restrictions around the suitability test. The commercial unit test has been repealed. Repeals provisions preventing a tenant from retiring before the age of 65.

- **Marketing standards**

The Act provides powers to modernise marketing standards regarding the quality of agricultural products.

- **WTO agreement on agriculture**

UK government will ensure policies on domestic support are compliant with WTO rules.

To allow the UK to comply with WTO limits on farming subsidies.

This is a very brief summary of some of the key points in the Act. The loss of the BPS is perhaps the most significant change, it is therefore essential to make sure your business is ready for the years ahead. For help with business planning, diversification ideas, Countryside Stewardship, AMC finance, exploring development opportunities or obtaining planning permissions, please contact Chris Tipping FRICS FAAV on 01444 412402 or c.tipping@batchellermonkhouse.com

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