



## FARMING AND PROPERTY BULLETIN 2023 – ISSUE 4

### BASIC PAYMENT & DE-LINKED PAYMENT UPDATE

#### Basic Payment Scheme

The Basic Payment Scheme for 2023 is now open and closes on 15<sup>th</sup> May. As previously advised, the RPA is recommending that applicants check their digital maps to ensure their accuracy – as other funding streams, such as the new Sustainable Farming Incentive and Countryside Stewardship schemes, work off the same data and need to be compatible with the land-use codes declared in BPS applications. Whilst this is the last year where entitlement will be required, trade for entitlements is ramping up and there are still plenty of parties interested in buying if you wish to sell.

#### Rural England Prosperity Fund

Defra has issued a Press Release announcing £110m of funding available to support rural businesses and community groups between 2023 and 2025. The funding is operated by local authorities and is a “rural top-up” to the UK Shared Prosperity Fund which is worth £2.6bn. It is designed to fund capital projects for small businesses and community infrastructure so if you have a potentially suitable project you are urged to contact your local authority. South Oxfordshire have received £733,241 in funding and West Oxfordshire £716,216.



#### More Details Released on Delinked Payments

The RPA has finally issued further details on the operation of the delinked payments that are to replace BPS in England for 2024. These details supplement what was announced in February 2022 and include a mechanism for the voluntary transfer of reference history between businesses.

England’s Basic Payment Scheme ends with the current applications on May 15<sup>th</sup> and obligations under it end on 31<sup>st</sup> December 2023. Entitlements will no longer have any function and there will be no mechanism to transfer them after May 15<sup>th</sup>.

The delinked payments will then be made as personal payments reducing each year from 2024 to 2027 after which there will be no payment. They will not depend on the recipient having any eligible land or farming activity or whether the scale of any continuing land or activity changes – they will be “de-linked”.

People receiving the delinked payment will be able to continue to receive other payments and, where eligible, be able to apply for any other DEFRA scheme, including SFI, enhanced Countryside Stewardship, Landscape Recovery and the production and animal welfare grants. Cross compliance will cease with Basic Payment. However, much of cross compliance is a matter of current law which, as it may develop, will form the regulatory baseline for the new system. Payments under the new land management schemes will be for outcomes above those required by the base line.

It is essential that you make a claim for BPS this year (2023) in order to be eligible for the de-linked payment going forward. The payment is based on the average of the three preceding BPS years (2020, 2021 & 2022). The figures from those years will be divided by three to give the reference amount used to calculate each coming year’s payments. It is then divided by three with the reference amount being reduced by 50% for 2024 for most farmers and then reduced further for the remaining 3 years until the last payment is made in 2027.

It is possible to transfer this payment to a third party but this can only be done through mutual agreement, more information is due to be released but we anticipate that the transfer period will be early 2024. You will not be able to transfer the de-linked payment or receive the de-linked payment if you have applied for the lump sum exit payment.

#### Receiving the Delinked Payments

There will not be an application form for them. Later this year, a statement will be sent to each person with Basic Payment history in 2020–22, stating the RPA’s assessment of their reference amount so that it can be checked.

It will be possible not only to transfer some or all of the reference amount to someone else but also to refuse the payment completely by advising the RPA of that decision.

As is now the case for Basic Payment in England, the delinked payment will be paid in two half yearly instalments, likely to be in August and December.

The delinked payment will be taxed as income with the condition that where the recipient is still farming it could be farming income but otherwise it would be miscellaneous income.

**Rules for Farmers** – After consultation and in order to try and make it easier for people to find, DEFRA have put all the guidance at <https://www.gov.uk/guidance/rules-for-farmers-and-land-managers>.



## New “How to Rent & “How to Let” Guides

The Department for Levelling Up, Housing and Communities (DLUHC) has issued new versions of their ‘How to Rent’ and ‘How to Let’ guides.

From 24th March 2023, landlords and letting agents in England are required to provide these new versions of the guides to all tenants starting a new tenancy.

The new guides can be found on GOV.UK, as below:

- [‘How to Rent’ Guide](#)
- [‘How to Let’ Guide](#)



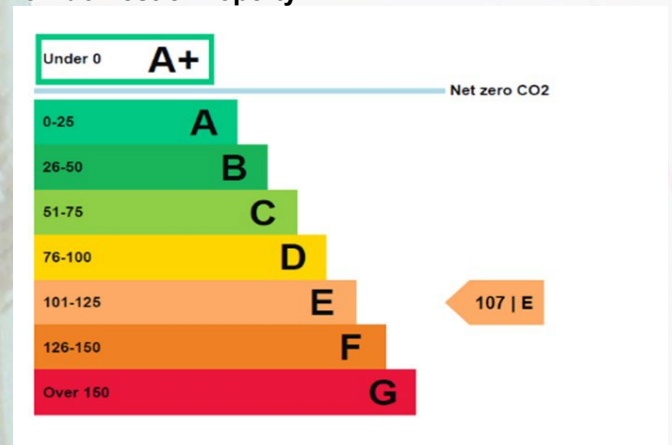
## Law Commission Review of Commercial Leases

The Law Commission of England and Wales has announced it will be reviewing the law surrounding commercial leases (the Landlord and Tenant Act 1954), with a consultation expected in December 2023. The Law Commission’s review will explore problems with the existing law with a view to developing a modern legal framework that is widely used, rather than opted out of, and that helps businesses to grow and communities to thrive.

The review will also seek to support the long-term resilience of high streets by making sure current legislation is fit for today’s commercial market, while also considering Government priorities, including net zero and levelling up.

## England and Wales - Minimum Energy Efficiency Standards for Non-domestic Property

With effect from 1st April 2023, all privately rented non-domestic property must meet Energy Performance Certificate (EPC) Band E or better. This is already the requirement for domestic properties. A property which has an EPC rating of F or G is considered sub-standard and can no longer be let unless all relevant energy efficiency improvements have been made, or it is exempt. The spending cap for non-domestic properties is based on a 7-year payback test rather than the £3,500 limit for domestic properties. The potential penalty for non-compliance is up to £150,000 per breach of letting restrictions and up to £5,000 for submitting false or misleading information to the register.



## National Living Wage and National Minimum Wage

The rates for the National Living Wage (NLW) and the National Minimum Wage (NMW) have been increased with effect from 1<sup>st</sup> April 2023 to:

- NLW – workers aged 23 and over – £10.42 up 9.7% from £9.50. NB the lower age limit was previously 25 years old.
- NMW – 21 to 22 year olds – £10.18 up 10.9% from £9.18.
- NMW – 18 to 20 year olds – £ 7.49 up 9.7% from £6.83.
- NMW – 16 and 17 year olds – £ 5.28 up 9.7% from £4.81.
- NMW – apprentices – £ 5.28 up 9.7% from £4.81.



## Base Rates

The Bank of England Base rate increased to 4.25% on 23<sup>rd</sup> March and Economists are predicting a likely further rise to 4.5% this month. The bank remains concerned about the inflation in the economy following continued CPI in excess of 10% for the last 3 months.