



Payment Capping

in future support schemes



PAYMENT CAPPING - THE CURRENT SITUATION

In 2015 the Welsh Government introduced reductions for higher farm payments and an ultimate limit on the amount an active farmer could claim through the Basic Payment Scheme (BPS) - the payments upon which Welsh farmers rely for 80% of their income.

77% of Welsh farmers receive less than £20,000 through the Basic Payment Scheme and the average payment is £15,000

The system - known as payment capping - means payments over £150,000 are reduced by increasing amounts and no payments are made that are over £300,000 (Table 1). However, this is well over what the majority of Welsh farmers receive from the Basic Payment Scheme - 77% receive less than £20,000, and the average payment is £15,000.

Also introduced in 2015 was a 'redistributive payment' system which reduces payments for farms with larger areas and increases the amount of money smaller and medium sized farms receive (Table 2) - an approach that modelling shows benefits the vast majority of

Wales' family farms - the average Welsh farm size is 57 hectares (141 acres).

No such systems were introduced in England, meaning there is no limit to what larger farms and estates can claim.

WHAT THE FUW BELIEVES

The FUW has supported the capping of direct agricultural payments, since 2007 (after farm employee wages and other factors are taken into account) on the grounds that this maximises the amount of money going to typical Welsh family farms and rural communities.

For the same reasons the FUW also proposed that redistributive payments should be allowed under EU regulations - which the EU accepted.

The FUW therefore **successfully lobbied** for the introduction of both payment capping and redistributive payments in Wales at the lowest rates allowed by EU Regulations at the time.

The FUW maintains the view that **payment capping and redistributive payments should be maintained and enhanced under future policies, coupled with a strict 'active farmer' rule**, to ensure money goes to the family farms that make the greatest contribution to rural economies and communities, and that the capping rates should be lowered subject to careful consideration of factors such as the number of families a farm supports as partners and employees.

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Table 1: BPS Payment Capping Rates

£150,000 to £200,000	Payments reduced by 15%
£200,000 to £250,000	Payments reduced by 30%
£250,000 to £300,000	Payments reduced by 55%
Over £300,000	Payments reduced by 100%

Table 2: Redistributive payments

First 54 hectares	£232/hectare
Remaining hectares	£121/hectare

Top three recipients of (direct) farm payments (BPS) in the UK in 2020:

1.	National Trust (England)	£2,984,000
2.	Beeswax Dyson Farming Ltd. (England)	£2,845,000
3.	RSPB (Scotland)	£1,587,000

(Average farm payment in Wales: £15,000)

Top three recipients of all rural (CAP) payments in the UK in 2020 (including Rural Development Programme (RDP) payments, which are not capped in any of the UK nations):

1.	National Trust	£12,222,000
2.	Menter a Busnes	£11,194,000
3.	RSPB	£10,178,000

WHAT IS BEING PLANNED FOR WALES' FUTURE?

The Welsh Government has refused to commit to maintaining any form of payment cap or redistributive payment system, raising concerns that the future support schemes being planned will lead to money being taken away from hard working family farms and given to large landowners and charities - or even people based outside Wales.

If coupled with a weakening of the current 'active farmer' eligibility criteria - a system that favours real farmers rather than absentee landowners - this would make matters worse, by taking away even more money from farming families and rural communities.

The FUW believes this would be a social and economic betrayal of Wales' family farms and communities, and a morally reprehensible backwards step for Welsh society.

WHAT CAN YOU DO?

Contact your Senedd Member telling them you believe payment capping, redistributive payments and strict active farmer criteria **must** be included in the Agriculture Bill that will be progressing through the Welsh Senedd over the coming year.

Visit www.fuw.org.uk/en/capping for more information.

