

*Draft Regulations laid before Parliament under sections 12(8), 13(5) and 50(6)(a) of the Agriculture Act 2020, for approval by resolution of each House of Parliament.*

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DRAFT STATUTORY INSTRUMENTS

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**2023 No.000**

**AGRICULTURE, ENGLAND**

**The Agriculture (Delinked Payments and  
Consequential Provisions) (England) Regulations 2023**

*Made* - - - - *\*\*\**  
*Coming into force* - - *1st January 2024*

The Secretary of State, in exercise of the powers conferred by sections 12(1), (3)(a) and (b), (4)(a) to (c), 13(1) and 50(3)(a) and (d) of the Agriculture Act 2020<sup>(1)</sup>, makes the following Regulations. In accordance with sections 12(8), 13(5) and 50(6)(a) of that Act, a draft of this instrument was laid before, and approved by a resolution of, each House of Parliament.

**PART 1**

**Introduction**

**Citation, commencement, extent and application**

1.—(1) These Regulations may be cited as the Agriculture (Delinked Payments and Consequential Provisions) (England) Regulations 2023.

(2) These Regulations—

- (a) come into force on 1st January 2024; and
- (b) extend to England and Wales but apply in relation to England only.

**Interpretation**

2. In these Regulations—

“the Act” means the Agriculture Act 2020;

“the Direct Payments Regulation” means [Regulation \(EU\) No1307/2013](#) of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to

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(1) 2020 c. 21.

farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009(2) as that Regulation applied in relation to England immediately before the end of 2023;

“agricultural holdings tenancy” means a tenancy to which the Agricultural Holdings Act 1986(3) applies;

“delinking period” is the period beginning with 1st January in the year prescribed in regulation 4 and ending on the last day of the agricultural transition period for England(4);

“eligible land in England” means any land in England that was an “eligible hectare” within the meaning given by Article 32(2) of the Direct Payments Regulation;

“farm business tenancy” means a tenancy to which the Agricultural Tenancies Act 1995(5) applies;

“reference amount” has the meaning given in regulation 5(3);

“reference period” has the meaning given in regulation 5(2);

“transfer”, in relation to eligible land in England, means—

- (a) where the transferor is the owner of the land, a transfer by sale or gift or by lease under a farm business tenancy or agricultural holdings tenancy;
- (b) where the transferor is a tenant occupying the land under a farm business tenancy, a transfer by surrender or assignment of the tenancy;
- (c) where the transferor is a tenant occupying the land under an agricultural holdings tenancy, a transfer by surrender or assignment of the tenancy or by the transfer of the tenancy to a successor in accordance with Part 4 of the Agricultural Holdings Act 1986.

## PART 2

### Delinked payments

#### Delinked payments

**3.** The Secretary of State must make a delinked payment under these Regulations(6) for any year falling within the delinking period to a person who, in respect of that year, satisfies the eligibility conditions in regulation 6.

#### The delinking period

**4.** For the purposes of section 12(2)(b)(i) of the Act and of these Regulations, the year specified for the beginning of the delinking period is 2024(7).

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(2) EUR 2013/1307; as amended by S.I. 2020/91, 576 and 760. This Regulation was incorporated into domestic law by section 1 of the Direct Payments to Farmers (Legislative Continuity) Act 2020 (c. 2).

(3) 1986 c. 5.

(4) See section 7(4) of the Agriculture Act 2020 (“the Act”) for the meaning given to “agricultural transition period for England”.

(5) 1995 c. 8.

(6) Section 12(1) of the Act provides that a delinked payment is made in place of direct payments under the basic payment scheme. See section 7(2) of the Act for the meaning of “basic payment scheme”. See also section 12(2)(a) of the Act for the meaning given to “delinked payment”.

(7) See section 12(2)(b)(ii) of the Act which provides that the delinking period is to end on the last day of the agricultural transition period for England.

### Calculation of delinked payments

5.—(1) A delinked payment is to be calculated by the Secretary of State in accordance with Schedule 1.

(2) The period which applies for the purposes of calculating a delinked payment (the “reference period”) is the period of three years which began on 1st January 2020 and ended on 31st December 2022.

(3) The amount which applies for the purposes of calculating a delinked payment (the “reference amount”) is the amount described in paragraph 1 of Schedule 1 that is calculated by the Secretary of State in respect of a person.

(4) When calculating a delinked payment under Schedule 1, the Secretary of State—

(a) may adjust the reference amount to reflect any alterations to payments made to or in respect of a person under the basic payment scheme<sup>(8)</sup> for any year falling within the reference period; and

(b) must adjust the reference amount—

(i) to offset any proportion of that amount that has been applied for the purposes of calculating a lump sum payment made to any person under regulation 12 of, and the Schedule to, the Agriculture (Lump Sum Payment) (England) Regulations 2022<sup>(9)</sup>; or

(ii) in accordance with paragraph 4 of Schedule 1.

### Eligibility conditions

6.—(1) The eligibility conditions are that a person—

(a) was eligible for and claimed direct payments under the basic payment scheme in the 2023 claim year;

(b) has a reference amount calculated in respect of them by the Secretary of State under Schedule 1; and

(c) where applicable, has complied with any request made by the Secretary of State under regulation 7 for the supply of additional information or evidence.

(2) For the purposes of paragraph (1) and of these Regulations, a person includes a natural or legal person or, as the case may be, a group of natural or legal persons, regardless of the legal status afforded to such group and its members.

(3) A person who satisfies the eligibility conditions in paragraph (1) may, at any time, request in writing that the Secretary of State should cease to regard that person as eligible to receive any, or any further, delinked payments under these Regulations.

### Information in support of eligibility

7.—(1) The Secretary of State may require a person to provide additional information and evidence in support of that person’s eligibility to receive a delinked payment.

(2) The information or evidence must be provided to the Secretary of State on or before the date specified by the Secretary of State.

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<sup>(8)</sup> See section 7(2) of the Act for the meaning given to “basic payment scheme”.

<sup>(9)</sup> S.I. 2022/390.

### **Transfers of the reference amount**

**8.**—(1) A request may be made to the Secretary of State for the transfer to a person by the Secretary of State of all, or any part, of a reference amount and Parts 1 and 2 of Schedule 2 have effect for these purposes.

(2) The Secretary of State must, as soon as practicable after the receipt of a request made under paragraph (1)—

- (a) determine that request; and
- (b) give notice in writing to the person who made the request of the Secretary of State's decision in relation to that request.

(3) For the purposes of determining a request made under paragraph (1), the Secretary of State may require additional information or evidence in support of that request under paragraph 9 or 16 of Schedule 2.

(4) A person to whom all, or any part, of a reference amount is transferred following a request made under paragraph (1) and Part 2 of Schedule 2 in circumstances where paragraph 13 of that Schedule applies, is, for the purposes of these Regulations, to be treated as a person who has satisfied the eligibility condition in regulation 6(1)(a).

## **PART 3**

### **Making and recovery of delinked payments**

#### **Making delinked payments**

**9.**—(1) Subject to paragraph (3), a delinked payment must be paid by the Secretary of State to a person before the expiry of the period of 13 months beginning on 1st January in the year to which the payment relates.

(2) A delinked payment in relation to a year may be paid by the Secretary of State to a person in two instalments, the first of which represents up to 50% of the estimated total value of the delinked payment payable to that person for that year and the second of which represents the balance due to that person after the total value of the delinked payment for that year has been calculated.

(3) The Secretary of State may pay a delinked payment, or any part of a delinked payment, to a person after the expiry of the period specified in paragraph (1) where the Secretary of State is satisfied that there are good reasons for doing so.

#### **Recovery of delinked payments**

**10.**—(1) The Secretary of State may recover on demand an amount paid to a person by way of a delinked payment to which that person was not entitled.

(2) Where the Secretary of State decides to recover an amount under paragraph (1) from any person, the Secretary of State must notify that person in writing of—

- (a) the amount to be repaid; and
- (b) the deadline specified in paragraph (3) by which the repayment of that amount must be made by that person.

(3) The deadline specified in this paragraph is before the end of the period of 60 days beginning on the date on which the notification under paragraph (2) is given.

(4) Where a person fails to repay the full amount referred to in paragraph (2)(a) within the deadline specified in paragraph (3), the Secretary of State may recover the amount outstanding as a debt, together with interest on that amount, calculated in accordance with paragraph (5).

(5) Where the Secretary of State exercises the power conferred under paragraph (4), interest may be charged to the amount to be repaid for each day from the repayment deadline specified in paragraph (3) to the date on which repayment of that amount, together with any associated interest, is made in full.

(6) The rate of interest applicable on any day is one percentage point above the Bank of England base rate.

(7) In this regulation, “the Bank of England base rate” has the meaning given in regulation 28(6) of the Agriculture (Financial Assistance) Regulations 2021<sup>(10)</sup>.

## PART 4

### Appeals

#### Appeals: general

**11.**—(1) A person (“the appellant”) may appeal against any decision made in respect of that person by the Secretary of State under these Regulations.

(2) An appeal under paragraph (1) must be—

- (a) submitted to the Secretary of State in writing in such form as the Secretary of State may specify;
- (b) received by the Secretary of State before the end of the period of 60 days beginning on the date on which the notification of the decision being appealed against is given to the appellant by the Secretary of State.

#### Grounds of appeal

**12.** An appeal under regulation 11(1) may be submitted on any of the following grounds—

- (a) the decision was based on an error of fact;
- (b) the decision was wrong in law;
- (c) there has been a material procedural error.

#### The appointed person

**13.**—(1) The Secretary of State must appoint no more than three persons to consider appeals.

(2) The persons appointed under paragraph (1) must, upon considering an appeal, report in writing to the Secretary of State with conclusions on the appeal and a recommendation as to the manner in which the matter should be finally determined by the Secretary of State.

#### Final determination of appeals

**14.**—(1) Following receipt of a report under regulation 13(2), the Secretary of State must make a final determination.

(2) The Secretary of State must give notice in writing to the appellant, within a reasonable period, setting out—

- (a) the final determination; and
- (b) the reasons for that determination.

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<sup>(10)</sup> [S.I. 2021/405](#), to which there are amendments not relevant to these Regulations.

## PART 5

### Termination of the basic payment scheme in England

#### Termination of the basic payment scheme in England

15. The basic payment scheme ceases to exist upon the coming into force of this regulation.

#### Revocations and savings

16. Schedule 3 has effect for the purposes of making—
- (a) in Part 1 of that Schedule, consequential revocations of the legislation governing the basic payment scheme<sup>(11)</sup>; and
  - (b) in Part 2 of that Schedule, a saving of the effect of that legislation for specified purposes.

## PART 6

### Consequential amendments to other legislation

#### Consequential amendments

17. Schedule 4 has effect for the purposes of making consequential amendments to legislation that are necessary by reason of the revocation in relation to England of the legislation governing the basic payment scheme.

Date

*Name*  
Minister of State  
Department for Environment, Food and Rural  
Affairs

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(11) See section 7(3) of the Agriculture Act 2020 for the meaning given to “legislation governing the basic payment scheme”.

## SCHEDULES

### SCHEDULE 1

Regulation 5(1)

#### Calculation of delinked payments

1. The Secretary of State must first calculate the reference amount that applies in respect of a person for each year within the delinking period. This is the amount described in paragraph 2 or 3 or, as the case may be, the sum of those amounts with any adjustment made under paragraph 4.

2. The amount described in this paragraph is the average amount paid to a person by way of direct payments under the basic payment scheme in relation to the reference period by virtue of payment entitlements activated by that person in England under Article 32 of the Direct Payments Regulation and before the application of any reductions or penalties under—

- (a) Article 19a of Commission Delegated [Regulation \(EU\) No640/2014](#)(**12**);
- (b) Articles 24 to 28 of Commission Delegated [Regulation \(EU\) No640/2014](#)(**13**); or
- (c) paragraphs 2(c) and (d) and 3 to 5 of Article 6 of Commission Implementing [Regulation \(EU\) No809/2014](#)(**14**).

3. The amount described in this paragraph is the reference amount transferred by the Secretary of State to a person following a transfer request made under regulation 8(1) and Schedule 2.

4. The reference amount described in paragraph 2 or 3 or, as the case may be, the sum of those amounts, is to be adjusted as necessary by the Secretary of State to take into account the implications for that amount of any previous transfers of a reference amount made following a request under regulation 8(1) and Schedule 2.

5. The Secretary of State must then calculate the amount of the delinked payment that is payable to the person for a year within the delinking period. This is the total value of the reference amounts calculated in respect of the person under paragraphs 2 and 3, adjusted as necessary under paragraph 4.

### SCHEDULE 2

Regulation 8(1)

#### Part 1

##### Requests for the transfer of the reference amount: general

1. A request may be made to the Secretary of State under this paragraph by a person—
- (a) for the transfer to another person of the reference amount calculated by the Secretary of State under Schedule 1 in respect of that person; or

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(12) EUR 2014/640. Article 19a was amended by [S.I. 2019/765](#) (to which there are amendments not relevant to these Regulations), [2020/90](#), [551](#), [1513](#) and [2021/407](#). EUR 2014/640 was incorporated into domestic law by section 1 of the Direct Payments to Farmers (Legislative Continuity) Act 2020 (c. 2).

(13) Articles 24 to 28 were revoked, in relation to England, by regulation 7(7)(b) of [S.I. 2020/1387](#).

(14) EUR 2014/809. Article 6 was amended by [S.I. 2019/765](#) (to which there are amendments not relevant to these Regulations), [2020/90](#) and [1513](#) and [2021/407](#). Paragraph 5 was inserted by regulation 2(c) of [S.I. 2021/407](#). EUR 2014/809 was incorporated into domestic law by section 1 of the Direct Payments to Farmers (Legislative Continuity) Act 2020.

- (b) for the transfer of a specified part or parts of the reference amount calculated by the Secretary of State under Schedule 1 to one or more other persons provided that the sum of the specified parts of the reference amount that are to be transferred does not exceed the total value of that reference amount.
2. A request may be made to the Secretary of State under this paragraph by a person for the transfer to that person by the Secretary of State of the reference amount calculated by the Secretary of State under Schedule 1 in respect of another person only in the circumstances described in paragraph 6.
3. A request under paragraph 1 or paragraph 2—
- (a) must be made to the Secretary of State in such form, and before the end of such period, as the Secretary of State may specify<sup>(15)</sup>;
  - (b) may not be made by a person who has submitted an application to the Secretary of State for a lump sum payment under regulation 4 of the Agriculture (Lump Sum Payment) (England) Regulations 2022 unless the Secretary of State has decided, under regulation 11 of those Regulations, not to pay a lump sum payment in connection with that application.
4. This paragraph applies where—
- (a) the reference amount calculated by the Secretary of State under Schedule 1 in respect of a person exceeds £30,000.00; and
  - (b) the transfer request is made by a person under paragraph 1(b).
5. This paragraph applies where the transfer request—
- (a) is made by a person under paragraph 1(a) or (b); and
  - (b) relates to all or part of a reference amount that has previously been transferred to that person under paragraph 1(a) or (b).
6. The circumstances described in this paragraph are that the transfer request relates to all or part of—
- (a) the reference amount that applies in relation to a business which has ceased trading whether by reason of a change in the legal structure of the business or otherwise; or
  - (b) the total sum of the reference amounts that apply in relation to two or more businesses which, for the purposes of the Direct Payments Regulation, were treated by the Secretary of State as a single business in respect of the basic payment scheme claim year 2022 or 2023.
7. Where paragraph 4 or 5 applies, the Secretary of State must only transfer the reference amount, or any part of that amount, to any other person or persons specified in the request (“the transferee”) where the Secretary of State is satisfied that the person requesting the transfer completed the transfer of eligible land in England to the transferee between 15th May 2020 and 16th May 2023.
8. Where paragraph 6 applies, the Secretary of State must transfer the reference amount, or any part of that amount, to the person who made the request under paragraph 2 (“the transferee”) where the Secretary of State is satisfied that there has been a transfer of eligible land in England from the business concerned to the transferee completed between 15th May 2020 and 16th May 2023.
9. The Secretary of State may require information or evidence from any person making a request under paragraph 1 or 2 relating to the completion of the transfer of eligible land in England for the purposes of paragraph 4, 5 or 6.

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(15) The form in which a request for a transfer of a reference amount must be made and the deadline for making any such request will be specified on [www.gov.uk](https://www.gov.uk) at: <https://www.gov.uk/guidance/delinked-payments-replacing-the-basic-payment-scheme>.



10. Where the Secretary of State requests information or evidence under paragraph 9, that information or evidence must be provided to the Secretary of State on or before the date specified by the Secretary of State in the request.

## Part 2

### Requests for the transfer of the reference amount: inheritance cases

11. A request may be made to the Secretary of State by a person for the transfer to that person by the Secretary of State of the reference amount calculated in respect of a deceased person in circumstances where paragraph 12 or 13 applies.

12. This paragraph applies where the person making the request under paragraph 11 has, after 15th May 2020, inherited eligible land in England from the deceased person in circumstances to which paragraph 13 does not apply.

13. This paragraph applies where the person making the request under paragraph 11—

- (a) has inherited eligible land in England after 15th May 2023; or
- (b) has inherited eligible land in England before 15th May 2023 but that land was leased out under a farm business tenancy or an agricultural holdings tenancy which still subsisted on 15th May 2023.

14. A request under paragraph 11—

- (a) may be made to the Secretary of State in such form as the Secretary of State may specify<sup>(16)</sup>; and
- (b) must be made before the end of the agricultural transition period in England.

15. A request under paragraph 11 may—

- (a) be made by one or more persons who have each inherited eligible land in England from the deceased person; and
- (b) relate to a specified part or parts of the reference amount calculated under Schedule 1 in respect of the deceased person provided that the sum of the specified parts of the reference amount that are to be transferred does not exceed the total value of that deceased person's reference amount.

16. The Secretary of State may request information or evidence relating to the inheritance of eligible land in England by a person for the purposes of a request made by that person under paragraph 11.

17. Where the Secretary of State has requested additional information or evidence under paragraph 16, that information or evidence must be provided to the Secretary of State on or before the date specified by the Secretary of State in the request.

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(16) The form in which a request for a transfer of a reference amount must be made will be specified on [www.gov.uk](https://www.gov.uk/guidance/delinked-payments-replacing-the-basic-payment-scheme) at: <https://www.gov.uk/guidance/delinked-payments-replacing-the-basic-payment-scheme>.

## SCHEDULE 3

Regulation 16

## Revocations and Saving

## PART 1

Revocation of retained direct EU legislation  
governing the basic payment scheme in England

1. Subject to the saving specified in Part 2, the instruments listed in column 1 of Table 1 and column 1 of Table 2 (which collectively established the rules for direct payments to farmers under support schemes within the framework of the common agricultural policy) are revoked, in relation to England only, to the extent specified in the corresponding entry in column 2 of each of those tables.

Table 1

**Revocation of specified retained direct EU legislation  
governing the basic payment scheme in England**

<i>Legislation to be revoked</i>	<i>Extent of revocation</i>
1. <a href="#">Regulation (EU) No1307/2013</a> of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009.	The whole Regulation in so far as it applies in relation to England.
2. Commission Delegated <a href="#">Regulation (EU) No639/2014</a> of 11 March 2014 supplementing <a href="#">Regulation (EU) No1307/2013</a> of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and amending Annex 10 to that Regulation <sup>(17)</sup> .	The whole Regulation in so far as it applies in relation to England.
3. Commission Implementing <a href="#">Regulation (EU)641/2014</a> of 16 June 2014 laying down rules for the application of <a href="#">Regulation (EU) No1307/2013</a> of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy <sup>(18)</sup> .	The whole Regulation in so far as it applies in relation to England.

(17) EUR 2014/639, to which there are amendments not relevant to these Regulations. This instrument was incorporated into domestic law by section 1 of the Direct Payments to Farmers (Legislative Continuity) Act 2020.

(18) EUR 2014/641, to which there are amendments not relevant to these Regulations. This instrument was incorporated into domestic law by section 1 of the Direct Payments to Farmers (Legislative Continuity) Act 2020.

**Table 2****Revocation of specified domestic secondary legislation governing the basic payment scheme in England**

	<i>Legislation to be revoked</i>	<i>Extent of revocation</i>
1.	The Common Agricultural Policy Basic Payment and Support Schemes (England) Regulations 2014 <b>(19)</b> .	The whole of the Regulations.
2.	The Common Agricultural Policy (Amendment) Regulations 2015 <b>(20)</b> .	The whole of the Regulations in so far as they apply in relation to England.
3.	The Common Agricultural Policy (Amendment) (No. 2) Regulations 2015 <b>(21)</b> .	Part 2 of the Regulations.
4.	The Common Agricultural Policy Basic Payment and Support Schemes (England) (Amendment) Regulations 2017 <b>(22)</b> .	The whole of the Regulations.
5.	The Common Agricultural Policy Basic Payment and Support Schemes (England) (Amendment) Regulations 2018 <b>(23)</b> .	The whole of the Regulations.
6.	The Financing, Management and Monitoring of Direct Payments to Farmers (Amendment) Regulations 2020 <b>(24)</b> .	The whole of the Regulations in so far as they apply in relation to England.
7.	The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 <b>(25)</b> .	The whole of the Regulations in so far as they apply in relation to England.
8.	The Direct Payments to Farmers (Crop Diversification Derogation) (England) Regulations 2020 <b>(26)</b> .	The whole of the Regulations.
9.	The Common Agricultural Policy (Control and Enforcement, Cross-Compliance, Scrutiny of Transactions and Appeals) (Coronavirus) (Amendment) (England) Regulations 2020 <b>(27)</b> .	The whole of the Regulations.
10.	The Direct Payments to Farmers (Application Deadlines) (Coronavirus) (Amendment) (England) Regulations 2020 <b>(28)</b> .	The whole of the Regulations.
11.	The Direct Payments Penalty Simplification (England) Regulations 2020 <b>(29)</b> .	The whole of the Regulations.

**(19)** [S.I. 2014/3259](#), to which there are amendments not relevant to these Regulations.**(20)** [S.I. 2015/1325](#).**(21)** [S.I. 2015/1997](#).**(22)** [S.I. 2017/1198](#), to which there are amendments not relevant to these Regulations.**(23)** [S.I. 2018/1026](#).**(24)** [S.I. 2020/90](#), to which there are amendments not relevant to these Regulations.**(25)** [S.I. 2020/91](#).**(26)** [S.I. 2020/475](#).**(27)** [S.I. 2020/477](#).**(28)** [S.I. 2020/510](#).**(29)** [S.I. 2020/551](#).

**Draft Legislation:** This is a draft item of legislation. This draft has since been made as a UK Statutory Instrument:  
*The Agriculture (Delinked Payments and Consequential Provisions) (England) Regulations 2023 No. 1430*

<i>Legislation to be revoked</i>	<i>Extent of revocation</i>
12. The Direct Payments to Farmers (Inspections) (Coronavirus) (England) Regulations 2020 <b>(30)</b> .	The whole of the Regulations.
13. The Direct Payments to Farmers (Amendment) Regulations 2020 <b>(31)</b> .	The whole of the Regulations in so far as they apply in relation to England.
14. The Direct Payments Ceilings Regulations 2020 <b>(32)</b> .	The whole of the Regulations.
15. The Direct Payments to Farmers and Cross-Compliance (Simplifications) (England) (Amendment) Regulations 2020 <b>(33)</b> .	The whole of the Regulations.
16. The Direct Payments to Farmers (England) (Amendment) Regulations 2020 <b>(34)</b> .	The whole of the Regulations.
17. The Direct Payments to Farmers (Reductions and Simplifications) (England) (Amendment) Regulations 2021 <b>(35)</b> .	The whole of the Regulations.
18. The Direct Payments to Farmers (Inspections) (England) Regulations 2021 <b>(36)</b> .	The whole of the Regulations.
19. The Direct Payments to Farmers (Allocation of Payment Entitlements from the National Reserve) (England) Regulations 2022 <b>(37)</b> .	The whole of the Regulations.
20. The Direct Payments to Farmers (Reductions) (England) Regulations 2022 <b>(38)</b> .	The whole of the Regulations.
21. The Direct Payments to Farmers (Advanced Payments and Activation of Payment Entitlements) (Amendment) (England) Regulations 2022 <b>(39)</b> .	The whole of the Regulations.
22. The Direct Payments to Farmers (Reductions) (England) Regulations 2023 <b>(40)</b> .	The whole of the Regulations.
23. The Direct Payments to Farmers (Eligible Hectares and Afforested Areas) (Amendment) (England) Regulations 2023 <b>(41)</b> .	The whole of the Regulations.

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**(30)** [S.I. 2020/575](#).

**(31)** [S.I. 2020/576](#).

**(32)** [S.I. 2020/760](#).

**(33)** [S.I. 2020/1387](#).

**(34)** [S.I. 2020/1513](#).

**(35)** [S.I. 2021/407](#).

**(36)** [S.I. 2021/1057](#).

**(37)** [S.I. 2022/200](#).

**(38)** [S.I. 2022/407](#).

**(39)** [S.I. 2022/706](#).

**(40)** [S.I. 2023/456](#).

**(41)** [S.I. 2023/718](#).

## PART 2

### Saving

2. The provisions revoked by Part 1, notwithstanding that revocation, continue to have effect, in relation to England only, in so far as is necessary for the purposes of finally determining any outstanding rights to, and liabilities arising in respect of applications for, direct payments under the basic payment scheme in England made in respect of a claim year ending on or before 31st December 2023.

## SCHEDULE 4

Regulation 17

### Consequential Amendments

#### **Amendment of Regulation (EU) No1305/2013 of the European Parliament and of the Council**

1.—(1) Regulation (EU) No1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005<sup>(42)</sup> is amended as follows.

(2) In Article 2 (definitions), in paragraph 1, in point (f) (definition of “agricultural area”), for “Article 4 of Regulation (EU) No1307/2013” substitute “Article 2(1) of Regulation (EU) No1306/2013”.

(3) In Article 8 (content of rural development programmes), in paragraph 1(h)(i), for the words “the appropriations provided” to the end substitute “the appropriations provided to the less developed regions”.

(4) In Article 15 (advisory services, farm management and farm relief services), for paragraph 4(b) substitute—

“(b) where applicable, the maintenance of the agricultural area as referred to in point (c) of Article 2(1) of Regulation (EU) No1306/2013;”.

(5) In Article 16 (quality schemes for agricultural products, and foodstuffs), in paragraph 3, omit the final subparagraph.

(6) In Article 18 (restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions), in paragraph 4, omit “or direct payment support”.

(7) In Article 19 (farm and business development)—

- (a) in paragraph 1, omit point (c);
- (b) in paragraph 2, omit the final subparagraph;
- (c) in paragraph 4, omit the third subparagraph;
- (d) omit paragraph 7.

(8) In Article 20 (basic services and village renewal in rural areas), in paragraph 2, for “support under other” to “direct payment support” substitute “support under Regulation 508/2014”.

(9) In Article 28 (agri-environment-climate)—

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<sup>(42)</sup> EUR 2013/1305, amended by S.I. 2019/764 (to which there are amendments not relevant to these Regulations), S.I. 2023/816; there are other amending instruments but none are relevant.

- (a) in paragraph 3, for “point (c)(ii) and (c)(iii) of Article 4(1) of [Regulation \(EU\) No1307/2013](#)” substitute “points (b)(ii) and (b)(iii) of Article 2(1) of [Regulation \(EU\)1306/2013](#)”;
  - (b) in paragraph 6, omit the second subparagraph;
  - (c) omit paragraph 11.
- (10) In Article 29 (organic farming)—
- (a) in paragraph 1, omit from “and who are active farmers” to the end;
  - (b) in paragraph 2, for “points (c)(ii) and (c)(iii) of Article 4(1) of [Regulation \(EU\) No1307/2013](#)” substitute “points (b)(ii) and (b)(iii) of Article 2(1) of [Regulation \(EU\)1306/2013](#)”;
  - (c) in paragraph 4, omit the second subparagraph;
  - (d) omit paragraph 6.
- (11) In Article 30 (Natura 2000 and Water Framework Directive payments)—
- (a) in paragraph 1, omit the second subparagraph;
  - (b) in paragraph 3, for “points (c)(ii) and (c)(iii) of Article 4(1) of [Regulation \(EU\) No1307/2013](#)” substitute “points (b)(ii) and (b)(iii) of Article 2(1) of [Regulation \(EU\)1306/2013](#)”;
  - (c) in paragraph 4, in point (b), for “points (c)(ii) and (c)(iii) of Article 4(1) of [Regulation \(EU\) No1307/2013](#)” substitute “points (b)(ii) and (b)(iii) of Article 2(1) of [Regulation \(EU\)1306/2013](#)”.
- (12) In Article 31 (payments to areas facing natural or other specific constraints)—
- (a) in paragraph 1, in the second subparagraph, omit from “, taking into account payments” to the end;
  - (b) in paragraph 2, omit from “and are active farmers” to the end.
- (13) In Article 33 (animal welfare), in paragraph 1, omit from “and who are active farmers” to the end.
- (14) In Article 35 (co-operation)—
- (a) in paragraph 6, for “, CMO support or direct payment support” substitute “or CMO support”;
  - (b) in paragraph 9, omit “or direct payment support”.
- (15) In Article 36 (risk management), omit paragraph 2.
- (16) In Article 39b (exceptional temporary support to farmers and SMEs particularly affected by the COVID-19 crisis), in paragraph 6, omit “or direct payment support”.
- (17) In Article 48 (revision clause), in the first subparagraph, omit the final sentence.
- (18) In Article 58 (resources and their distribution)—
- (a) omit paragraphs 5 and 6;
  - (b) in paragraph 7, omit “including the transfers referred to in paragraphs 5 and 6 of this Article,”.
- (19) In Article 59 (fund contribution)—
- (a) in paragraph 4, omit point (e);
  - (b) in paragraph 8, omit “or direct payment support”.

## Amendment of **Regulation (EU) No1306/2013** of the European Parliament and of the Council

2.—(1) **Regulation (EU) No1306/2013** of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008<sup>(43)</sup> is amended as follows.

(2) At the end of Article 1 (scope) insert—

“This Regulation does not apply to direct payments in England in respect of any year falling after the end of 2023.”.

(3) In Article 2 (terms used in this Regulation)—

(a) in paragraph 1—

(i) for point (a), substitute—

“(a) “farmer” means a natural or legal person, or a group of natural or legal persons, regardless of the legal status granted to such group and its members by law, whose holding is situated within England, and who exercises an agricultural activity;”;

(ii) for point (b) substitute—

“(b) “agricultural activity” means—

(i) production, rearing or growing of agricultural products, including harvesting, milking, breeding animals, and keeping animals for farming purposes,

(ii) maintaining an agricultural area in a state which makes it suitable for grazing or cultivation without preparatory action going beyond usual agricultural methods and machineries, based on criteria established by the relevant authority, or

(iii) carrying out a minimum activity, defined by the relevant authority, on agricultural areas naturally kept in a state suitable for grazing or cultivation;”;

(iii) for point (c), substitute—

“(c) “agricultural area” means any area taken up by arable land, permanent grassland and permanent pasture, or permanent crops;”;

(iv) for point (d), substitute—

“(d) “holding” means all the units situated in England which are used for agricultural activities and managed by a farmer;”;

(v) for point (e), substitute—

“(e) “direct payments” means, in relation to England only, direct payments within the meaning of Article 1 of **Regulation (EU) No1307/2013** as that regulation applied in relation to England immediately before the end of 2023;”;

(vi) after point (e), insert—

“(ea) “permanent crops” means non-rotational crops other than permanent grassland and permanent pasture that occupy the land for five years or more and yield repeated harvests, including nurseries and short rotation coppice;

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<sup>(43)</sup> EUR 2013/1306, to which there are amendments not relevant to these Regulations.

- (eb) “permanent grassland and permanent pasture” (together referred to as “permanent grassland”) means land used to grow grasses or other herbaceous forage naturally (self-seeded) or through cultivation (sown) and that has not been included in the crop rotation of the holding for five years or more, and, where the relevant authority so decides, that has not been ploughed up for five years or more; it may include other species such as shrubs and/or trees which can be grazed and, where the relevant authority so decides, other species such as shrubs and/or trees which produce animal feed, provided that the grasses and other herbaceous forage remain predominant. The relevant authority may also decide to consider as permanent grassland:
  - (i) land which can be grazed and which forms part of established local practices where grasses and other herbaceous forage are traditionally not predominant in grazing areas; and/or
  - (ii) land which can be grazed where grasses and other herbaceous forage are not predominant or are absent in grazing areas;
- (ec) “grasses or other herbaceous forage” means all herbaceous plants traditionally found in natural pastures or normally included in mixtures of seeds for pastures or meadows in the United Kingdom, whether or not used for grazing animals;”.

(4) In Article 69 (computerised database), in paragraph 1, in the second subparagraph, for “point (h) of” to “1307/2013” substitute “point (eb) of Article 2(1) of this Regulation”.

(5) In Article 75 (payment to beneficiaries)—

- (a) in paragraph 1, omit point (a);
- (b) in paragraph 2 omit “(other than advances made under paragraph 1(a))”.

#### **Amendment of Article 189 of Regulation (EU) No1308/2013 of the European Parliament and of the Council**

3. In Regulation (EU) No1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007<sup>(44)</sup>, in Article 189 (imports of hemp)—

- (a) in paragraph (1)(a), for “the conditions laid down in Article 32(6) and in Article 35(3) of Regulation (EU) No1307/2013” substitute “the conditions laid down in Article 32(6) of Regulation (EU) No1307/2013 as that Article applied in relation to England immediately before the end of 2023”; and
- (b) in paragraph (1)(b), for “fixed in accordance with Article 32(6) and in Article 35(3) of Regulation (EU) No1307/2013” substitute “fixed in accordance with Article 32(6) of Regulation (EU) No1307/2013 as that Article applied in relation to England immediately before the end of 2023”.

#### **Amendment of Commission Delegated Regulation 640/2014**

4.—(1) Commission Delegated Regulation (EU) No640/2014 of 11 March 2014 supplementing Regulation (EU) No1306/2013 of the European Parliament and of the Council with regard to the integrated administration and control system and conditions for refusal or withdrawal of payments

<sup>(44)</sup> EUR 2013/1308, to which there are amendments not relevant to these Regulations.



and administrative penalties applicable to direct payments, rural development support and cross compliance(45) is amended as follows.

(2) At the end of Article 1 (scope) insert—

“This Regulation does not apply to direct payments in England under [Regulation \(EU\) No1307/2013](#) of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation [\(EC\) No 637/2008](#) and Council Regulation [\(EC\) No 73/2009](#) in respect of any year falling after the end of 2023.”.

(3) In Article 2 (definitions), after paragraph 2, insert—

“3. In this Regulation, references to “Regulation (EU) No 1307/2013” are to be construed as references to that Regulation as it applied in relation to England immediately before the end of 2023.”.

(4) In Article 4 (force majeure and exceptional circumstances), in paragraph 1, omit the first subparagraph.

(5) In Article 5 (identification of agricultural parcels), in paragraph 1, in the first subparagraph, for “Article 4(1)(e) of [Regulation \(EU\)1307/2013](#)” substitute “Article 2(1)(c) of [Regulation \(EU\) No1306/2013](#)”.

*“Amendment of Commission Delegated [Regulation \(EU\) No807/2014](#)”*

5. In Commission Delegated [Regulation \(EU\) No807/2014](#) of 11 March 2014 supplementing [Regulation \(EU\) No1305/2015](#) of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and introducing transitional provisions(46), omit Article 9 (exclusion of double funding of agricultural practices beneficial for the climate and the environment and of equivalent practices).

**Amendment of Annex 1 of Commission Implementing [Regulation \(EU\) No808/2014](#)**

6.—(1) In Annex 1 of Commission Implementing [Regulation \(EU\) No808/2014](#) of 17 July 2014 laying down rules for the application of [Regulation \(EU\) No1305/2015](#) of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)(47), Part 1 is amended as follows.

(2) In paragraph 8(2)(e) (description of the measures selected)—

(a) in point 9 (agri-environment-climate)—

(i) in the first indent, for “Article 4(1)(c)(ii) and (iii) of [Regulation \(EU\) No1307/2013](#) of the European Parliament and of the Council” substitute “Article 2(1)(b)(ii) and (iii) of [Regulation \(EU\) No1306/2013](#)”;

(ii) in the fifth indent, omit from “where relevant, that methodology” to “exclude double funding.”;

(b) in point 10 (organic farming)—

(i) in the first indent, for “Article 4(1)(c)(ii) and (iii) of [Regulation \(EU\) No1307/2013](#)” substitute “Article 2(1)(b)(ii) and (iii) of [Regulation \(EU\) No1306/2013](#)”;

(ii) in the second indent, omit from “; where relevant, that methodology” to “double funding”;

(c) in point 11 (Natura 2000 and Water Framework Directive Payments), in the fourth indent—

(45) EUR 2014/640, to which there are amendments not relevant to these Regulations.

(46) EUR 2014/807, to which there are amendments not relevant to these Regulations.

(47) EUR 2014/808, to which there are amendments not relevant to these Regulations.

- (i) omit from “the relevant criteria and minimum activities referred to” to “Regulation (EU) No 1307/2013;”;
- (ii) in the second place it occurs, for “Article 4(1)(c)(ii) and (iii) of [Regulation \(EU\) No1307/2013](#)” substitute “Article 2(1)(b)(ii) and (iii) of [Regulation \(EU\) No1306/2013](#)”;
- (iii) in the seventh indent, omit from “; where relevant, that methodology” to the end.

#### **Amendment of Commission Implementing Regulation 809/2014**

7.—(1) Commission Implementing [Regulation \(EU\) No809/2014](#) of 17 July 2014 laying down rules for the application of [Regulation \(EU\) No1306/2013](#) of the European Parliament and of the Council with regard to the integrated administration and control system, rural development measures and cross compliance<sup>(48)</sup> is amended as follows.

(2) At the end of Article 1 (scope), insert—

“This Regulation does not apply to direct payments in England under [Regulation \(EU\) No1307/2013](#) of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009 in respect of any year falling after the end of 2023.”.

(3) In Article 12 (single applications)—

- (a) in paragraph 1, omit “for direct payments”;
- (b) in paragraph 2, omit “area-related direct payments or”.

(4) In Article 17 (requirements pertaining to area-related aid applications), omit paragraph 6.

(5) In Article 27 (cross-notification of results of checks), omit the third paragraph.

(6) In Article 29 (cross-checks), in paragraph 1, in point (a)—

- (a) omit “on declared payment entitlements and”;
- (b) omit “respectively,”;
- (c) omit from “area-related aid schemes” to “1307/2013, and”.

(7) In Article 36 (reduction of control rate), in paragraph 4, omit the second subparagraph.

(8) In Article 38 (area measurement), omit paragraph 8.

#### **Amendment of the Common Agricultural Policy (Control and Enforcement, Cross-Compliance, Scrutiny of Transactions and Appeals) Regulations 2014**

8.—(1) The Common Agricultural Policy (Control and Enforcement, Cross-Compliance, Scrutiny of Transactions and Appeals) Regulations 2014<sup>(49)</sup> are amended as follows.

(2) In regulation 1 (citation, commencement, application and extent)—

- (a) in paragraph (2), for “paragraphs (3) and (4)” substitute “paragraphs (2A), (3) and (4)”;
- (b) after paragraph (2) insert—

“(2A) These Regulations do not apply to direct payments in England in respect of any year falling after the end of 2023.”.

(3) In regulation 2(1) (interpretation)—

<sup>(48)</sup> EUR 2014/809, to which there are amendments not relevant to these Regulations.

<sup>(49)</sup> S.I. 2014/3263; regulations 1 to 6 were amended by S.I. 2015/1325 and 1997, 2018/591, 2019/733 and 785 and 2020/90, 477 and 1387. There are other amendments none of which are relevant to these Regulations.

- (a) in the definition of “the Direct Payments Delegated Regulation”, at the end insert “as that Regulation applied in relation to England immediately before the end of 2023”;
  - (b) in the definition of “the Direct Payments Implementing Regulation”, at the end insert “as that Regulation applied in relation to England immediately before the end of 2023”;
  - (c) in the definition of “the Direct Payments Regulation”, at the end insert “as that Regulation applied in relation to England immediately before the end of 2023”;
  - (d) omit the definition of “area-related aid schemes”;
  - (e) omit the definition of “single application”.
- (4) Omit regulation 3 (competent authority).
- (5) In regulation 4(3) (agency arrangements), omit “support schemes listed in Annex 1 to the Direct Payments Regulation or”.
- (6) In regulation 5(1) (applications), for “a single application,” substitute “an”.
- (7) Omit regulation 6 (minimum size of agricultural area).

#### **Amendment of Article 2 of Commission Delegated Regulation (EU) 2017/891**

9.—(1) Commission Delegated Regulation (EU) 2017/891 of 13 March 2017 supplementing Regulation (EU) No1308/2013 of the European Parliament and of the Council with regard to the fruit and vegetables and processed fruit and vegetable sectors and supplementing Regulation (EU) No1306/2013 of the European Parliament and of the Council with regard to penalties to be applied in those sectors and amending Commission Implementing Regulation (EU) No543/2011(50) is amended as follows.

(2) In Article 2, in point (a) (definition of producer), for “Article 4(1)(a) of Regulation (EU) No1307/2013 of the European Parliament and of the Council” substitute “Article 2(1)(a) of Regulation (EU) No1306/2013”.

#### **Amendment of regulation 2 of the Agriculture (Payments) (Amendment, etc.) (EU Exit) Regulations 2020**

10. In regulation 2 of the Agriculture (Payments) (Amendment, etc.) (EU Exit) Regulations 2020 (treatment of CAP Horizontal Legislation)(51)—

- (a) omit paragraph (1)(a);
- (b) in paragraph (1)(b), omit “in all other cases,”.

#### **Amendment of the Agriculture (Lump Sum Payment) (England) Regulations 2022**

11.—(1) The Agriculture (Lump Sum Payment) (England) Regulations 2022(52) are amended as follows.

(2) In regulation 2 (interpretation), at the end of the definition of “Regulation (EU) 1307/2013” and the definition of “Regulation (EU) 640/2014” insert “as that Regulation operated in relation to England immediately before the end of 2023”.

(3) In the Schedule (calculating the lump sum payment)—

- (a) in paragraph 1(3)(c)(iii) (definition of SRA), at the end insert “as that Regulation applied in relation to England immediately before the end of 2023”;
- (b) in paragraph 3—

(50) EUR 2017/891. There are no relevant amendments.

(51) S.I. 2020/1445. There are no relevant amendments.

(52) S.I. 2022/390.

- (i) in sub-paragraph (2)—
  - (aa) at the end of paragraph (a) omit “and”; and
  - (bb) at the end of paragraph (b), after “17th May 2021” insert—
    - “; and
    - (c) the total value of any payment entitlements that were recorded in the register in the applicant’s name before the date on which these Regulations come into force (excluding any payment entitlements that have been leased out).”;
- (ii) in sub-paragraph (5)(b) (definition of PES)—
  - (aa) at the end of paragraph (i) omit “and”; and
  - (bb) after paragraph (ii) insert—
    - “(iii) the total value of any payment entitlements that were recorded in the register in the applicant’s name before the date on which these Regulations come into force (excluding any payment entitlements that have been leased out); and”.

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations make provision for the introduction of delinked payments under section 12 of the Agriculture Act 2020 in place of direct payments under the Basic Payment Scheme. They extend to England and Wales but apply in relation to England only.

Part 2 (regulation 3) provides for the making of delinked payments by the Secretary of State during the delinking period. The delinking period is the period beginning with 1st January in the year prescribed in regulation 4, which is 2024, and ending on the last day of the agricultural transition period in England, which is currently 31st December 2027. The delinking period is the three-year period beginning with the year prescribed in regulation 4. The Basic Payment Scheme was established under [Regulation \(EU\) No1307/2013](#) of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation [\(EC\) No 637/2008](#) and Council Regulation [\(EC\) No 73/2009](#) (“the Direct Payments Regulation”). Regulation 5 and Schedule 1 provide for the calculation of delinked payments by the Secretary of State by reference to an underlying “reference amount”. The eligibility conditions for receiving a delinked payment (regulation 6) are largely based on the direct payments made to a person under the Basic Payment Scheme during the reference period described in regulation 5(2). Regulation 7 enables the Secretary of State to request further information or evidence from a person in support of their eligibility for a delinked payment. Regulation 8 and Schedule 2 provide for the circumstances in which all, or any part, of a reference amount may, on request, be transferred by the Secretary of State to another person (“the transferee”) in order to enable a delinked payment to be calculated under these Regulations for the transferee during the delinking period.

Part 3 provides for the making and recovery of delinked payments by the Secretary of State. Delinked payments for any year during the delinking period must be paid to a person before the end of the

period specified unless the Secretary of State considers that there are good reasons for them being paid after that date. Delinked payments may also be paid in up to two instalments (regulation 9). Provision is also made for the recovery by the Secretary of State of all, or any part, of a delinked payment to which a person was not entitled (regulation 10) and the Secretary of State is able to apply interest, at a daily rate of 1% above the applicable Bank of England base rate, to any amounts outstanding.

Part 4 provides a right of appeal against a decision made by the Secretary of State under these Regulations (regulation 11) and the grounds on which any such appeal may be made (regulation 12). The Secretary of State must appoint no more than three persons to consider any such appeals and to report to the Secretary of State in writing with conclusions and a recommendation about how the appeal should be finally determined (regulation 13). Provision is also made for notification to the appellant of the final determination of an appeal by the Secretary of State and the giving of reasons for that determination (regulation 14).

Part 5 provides for the termination of the Basic Payment Scheme on the coming into force of regulation 15 of these Regulations (regulation 15). It also makes consequential revocations (regulation 16 and Schedule 3) in relation to England only of the legislation governing that scheme that is specified in column 1 of each of the tables in Part 1 of Schedule 3 to the extent specified in column 2 of those tables. The provisions being revoked include the associated cross-compliance rules which applied in relation to England, by virtue of [Regulation \(EU\) No 1306/2013](#) of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations ([EEC No 352/78](#), [\(EC\) No 165/94](#), [\(EC\) No 2799/98](#), [\(EC\) No 814/2000](#), [\(EC\) No 1290/2005](#) and [\(EC\) No 485/2008](#). Part 2 of Schedule 3 contains a general saving of the effect of the legislation governing the Basic Payment Scheme that is being revoked for the purposes of dealing with any outstanding rights and liabilities to, and arising in respect of, direct payments under that scheme prior to its termination in England.

Part 6 and Schedule 4 make consequential amendments to legislation arising from the termination of the Basic Payment Scheme in England and the revocation, by regulation 16 and Schedule 3, of the legislation governing that scheme in so far as it applies in relation to England.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sector is foreseen.