

# Digging deeper:

why the farming transition must go further and faster for nature and people



Wildlife and  
Countryside

LINK 



**To halt the decline of biodiversity by 2030 and achieve net zero, farming will have to change radically and quickly.**

## Introduction

**We have a once in a lifetime opportunity to turn our food and farming system from nature negative to nature positive. We must do this by producing healthy food sustainably, but also by creating a healthy natural environment and stable climate to enable society to thrive. It is impossible to tackle the nature and climate crises without farmers and land managers.**

In the next decade, achieving net zero emissions will require farmers to reduce their own emissions and begin to sequester carbon at scale. To halt the decline of biodiversity by 2030, and to contribute to the 25 Year Environment Plan goals, more land will need to be dedicated to nature, access to nature must be maintained and enhanced and sustainable farming practices will need to become the norm.

After many years where the emphasis has been on intensifying food production, asking farmers to make this change is a huge undertaking. However, policy reform provides a once in a generation opportunity to develop a resilient farming and land management sector capable of providing healthy food in a way that rebuilds the natural environment and provides more space for nature.

This short report takes stock following the publication of the Environmental Land Management Payment Principles and Agricultural Transition Plan June 2021 Update, and sets out what should happen now: including setting the new Environmental Land Management schemes up for success and ensuring these schemes are underpinned by an effective regulatory and enforcement regime that helps embed high environmental and access standards.

Even against the backdrop of a global pandemic, progress has been made on the design and piloting of Environmental Land Management and the Future Farming and Countryside Programme, but there is a lot still to do to set the parameters and determine the future direction of land management in England and time is short.

To halt the decline of biodiversity by 2030 and achieve net zero, farming will have to change radically and quickly. There must be no delay in the roll out of farming reform; the first iteration of the new Environmental Land Management programme must be effective from day one; and farmers and other land managers will need plenty of time to consult and plan for taking part. If a lack of preparation or ambition leads to low up-take or little change in the early years of the transition, then it will be much harder and costlier to catch up.

In this report, we recommend: that the Sustainable Farming Incentive is expanded and its ambition increased in 2022; that the specific objectives of Local Nature Recovery and Landscape Recovery are published now to articulate exactly what the schemes will deliver and that Defra should set out its expectations for a new regulatory baseline for the end of the transition period now to give farmers and land managers time to plan their businesses.

We look forward to working with Defra to increase the urgency and ambition of the roll out of the transition, so that farming and land management is not left behind in the race to halt nature's decline.

### Key points:

- A lack of overarching objectives for Environmental Land Management risks creating schemes that do not deliver against environmental objectives such as halting the decline of nature by 2030
- Government should articulate what the new regulatory baseline and system for enforcement will look like by the end of the transition. It should also state that the regulatory baseline will shift upward over time
- The Sustainable Farming Incentive standards- while ambition has increased – must go further for nature and people, such as a minimum requirement on farmers and land managers to manage **10%** of their land for nature and an option for improving access
- High level objectives and detail on Local Nature Recovery and Landscape Recovery should be published as soon as possible
- Budgetary allocation between the schemes should be distributed according to environmental need



**Environmental Land Management programme remains open-ended**, with no clarity in the objectives it is intended to deliver, nor the budget necessary to deliver those goals.

# The Overarching Framework for Environmental Land Management

**Government has started to make progress in developing the first of the three ELM schemes.**

However, the overall environmental outcomes expected to be delivered by Environmental Land Management remain ill-defined. This open-endedness engenders too much uncertainty in budgetary allocations and system design. The Government's overarching environmental targets are now becoming clear, so Defra should take swift action to set out the contribution ELM will make toward climate and ecological recovery.

## 1) Payment principles

Defra has set out four payment principles focused on: (a) wide participation; (b) payments for outcomes; (c) fairness for first movers; and (d) supporting a market in environmental improvement. Whilst we generally support the payment principles, Defra should include an overarching principle to ensure payments are designed to deliver overall environmental objectives (rather than simply individual environmental outcomes), with a clear golden thread to the environment bill targets, net zero and other environmental commitments.

We recommend that the first principle should be:

**We will set overall budgets and payment rates that can deliver the improvements in farming and land management needed to**  
**(a) halt and begin to reverse biodiversity loss by 2030;**  
**(b) achieve net zero emissions by 2050; and (c) meet other targets set under the Environment Bill and in the 25 Year Environment Plan.**

## 2) Objectives of Environmental Land Management

The Agriculture Act created an enabling framework to pay for the provision of environmental public goods, but it did not set out an order of priority or the ambition for each of the public good options. This means that the Environmental Land Management programme remains open-ended, with no clarity in the objectives it is intended to deliver, nor the budget necessary to deliver those goals.

Defra should quantify and publish the contribution the Environmental Land Management schemes are expected to make to the delivery of the Government's environmental commitments, along with precise metrics for progress. These objectives should include the 25 Year Environment Plan, Environment Bill targets and Net Zero. This information is critical to help to set the parameters of each scheme and give certainty to farmers.

Defra should set out a clear framework for determining budget allocations based on the funding needed to deliver relevant environmental targets, both for the overall budget available and for the budget allocation to individual elements of the programme.

At the overarching level, the Government should give more certainty to farmers by putting in place its estimates of the Environmental Land Management budget requirements for the long-term. This would include a costed estimate of the budgetary need for LNR and LM to contribute to halting nature's decline by 2030, so the Government should publish a quantified view of its budget expectations until at least that date. We expect this overall budget to be in the order of £2.1bn in England<sup>1,2</sup> to deliver the Government's core environmental goals.

Up until the end of the current parliament, the Government intends to spend a maximum of **30%** of the available environment and animal welfare budget released from the phase-out of direct payments on SFI, and an even split of all available funds between the three Environmental Land Management schemes by 2028.

The allocation of budget between schemes is significant because it will influence how much funding is available for the most environmentally ambitious schemes, Landscape Recovery (LR) and Local Nature Recovery (LNR). Whilst in principle, a three-way budgetary split between the schemes is an assurance that lower ambition action will not dominate the Environmental Land Management budget, it is vital that when subject to review, changes in budget allocation reflect environmental need (as determined by environmental targets) as opposed to demand. This will ensure the schemes drive environmental improvements.



Farmers and land managers already managing their land to a high standard should be rewarded and supported through the Future Farming and Countryside Programme.



The LNR and LR components will need to do much of the heavy lifting on nature recovery, regenerative and agroecological farming practices, and the deployment of nature-based solutions.<sup>3</sup> As such these will require a significant share of the available budget.

### 3) Ensure an integrated offer

Understanding the interplay between the schemes and other policies is important for environmental effectiveness and for farmers to plan. Currently, it is not clear how the different schemes will stack or integrate with other policy mechanisms to enable an integrated offer for farmers. This leaves uncertainty about how different elements of environmental, access and heritage elements will feature, if they are not currently within the SFI. We recommend that Defra urgently clarifies the relationship between the different schemes, what this will look and feel like for an applicant to multiple schemes and how Defra will avoid unnecessary bureaucracy or IT challenges. It is vital that Defra makes it easy for farmers to do more for nature.

This means setting out how Environmental Land Management and other policy interventions will deliver together to give farmers and land managers clear parameters under which to plan for their businesses. We note that in the ATP update announcement there were indications of what SFI might contribute to carbon sequestration ambitions in the Climate Change Act.<sup>4</sup> This indicates that efforts to calculate and articulate contributions to environmental ambition are happening in some cases. Now they must be made public for the purposes of accountability and clarity and to support the co-design process.

### 4) Invest in advice and training

Farmers and land managers should not need an adviser to fill in paperwork. Advice is about helping to identify opportunities, to tweak and iterate management, to integrate environmental delivery within a business and to maximise environmental delivery. A mounting body of evidence supports the role of trusted and expert advice in delivering increased environmental outcomes from land management. It is something that some will choose to pay for themselves if it makes financial sense to do so.

However, due to the scale of change that farming and land management faces, Government has a clear role in helping provide access to quality advice and training particularly with LNR. This could be through a partnership approach, including a network of government advisers, NGOs and other third-party providers. In addition to environmental advice and training, there is a clear rationale to provide access to targeted business advice and skills training.

We strongly recommend that Defra invests in an advice and training programme for both environmental and business advice and skills.

### 5) Invest in the Higher Tier Countryside Stewardship:

Defra has committed to reviewing Countryside Stewardship (CS) payment rates. Calculated back in 2013, analysis undertaken on behalf of the National Trust, RSPB, and The Wildlife Trust demonstrates that these have not kept track with market changes.<sup>5</sup> A review would also enable parity to be achieved between the SFI and CS payment rates and provides an opportunity to attract greater uptake in the coming years, which is vital to ensure environmental delivery ahead of full Environmental Land Management roll out.

Farmers and land managers already managing their land to a high standard should be rewarded and supported through the Future Farming and Countryside Programme. While Higher Tier Countryside Stewardship provides an option for some during the transition, barriers include the lack of advisory capacity within Natural England which reduces uptake levels, and a history of administrative challenges that have reduced popularity. Defra could use CS Higher Tier to enable more farmers and land managers to deliver more for the environment now, beyond the SSSI network. To achieve this, Defra should improve resourcing and investment in this scheme, address administrative barriers and clarify the route from higher tier CS into the LNR, while clarifying that LNR will be a different scheme to Countryside Stewardship.

**£2.1BN**  
THE ANNUAL BUDGET NEEDED  
TO DELIVER ON ENVIRONMENTAL  
OBJECTIVES THROUGH  
ENVIRONMENTAL  
LAND MANAGEMENT



Defra has yet to provide clarity on where funding to improve existing public access will sit.

## Sustainable Farming Incentive

**We welcome recent developments in the Sustainable Farming Incentive, which clarify that actions currently included in regulation or best practice should not be included for payments.**

Defra has set out the ambition to have **70%** of farms in SFI by 2028. However participation is only relevant if it delivers improvement. To ensure this translates into progress towards key environmental commitments we recommend Defra strengthen the SFI offer between 2022 and 2024, and set out a clear ladder of ambition that raises the basic standards included in SFI over time.

This should ensure that the additional effort required by the SFI above business as usual is bold enough to transform the farmed landscape at scale.

### 1) Encourage farmers to managed **10%** of their land for nature

To enable nature's recovery, wildlife will require more space across the countryside, not just pockets of pristine habitat.

Studies from across the UK and Europe show that managing around **10%** of a farm for wildlife enables species to recover locally<sup>6,7,8</sup>. Further modelling suggests that if around c30 – **50%** of all farmers undertook this level of provision it would be possible to drive landscape scale species recovery.<sup>9</sup>

The SFI has a critical role in achieving this level. The pilot SFI arable standard specifically rewards farmers for managing between **5 – 10%** of their land for nature. Currently, the improved grassland standard only provides a maximum of **5%** wildlife habitat.

We recommend that Defra amends the improved grasslands standard to encourage farmers to manage at-least **5 – 10%** for nature to enable species recovery in grassland dominated landscapes. Adapting the same model provided by the arable land standard would also introduce more flexibility into the grassland standard, something farmers really appreciate, which can also bring genuine benefits to wildlife. Incorporating wildlife habitat into farms can also provide co-benefits for productivity, profitability, and resilience<sup>10</sup> through, for example, improved soil health, pollination and pest predation services and reduced input costs<sup>11</sup>.

### 2) Support truly regenerative and agroecological practices

Defra has indicated an ambition to place farming on a sustainable footing, but not clearly set out what sustainable farming and land management looks like in England, or the metrics by which this will be evaluated. Clarity on this is crucial to help set the parameters of the SFI. The current framing is also set more around resource protection and basic good practice, rather than creating a system that rebuilds environmental assets and delivers public goods.

We recommend that Defra sets an SFI expectation that encourages farmers to adopt actions and whole farm systems that drive measurable improvements in the natural assets upon which farming depends, such as soil, water, nature, and climate, which also produce a range of public goods. This needs to embed practices that help improve soil health, reduce the need for chemical inputs and enable systems that work with the grain of nature. Rather than setting a prescriptive, "one size fits all" approach, regenerative farming provides a useful set of principles and direction of travel.

Environmental Land Management should support a transformation in farming to minimal pesticide use, minimal synthetic nitrogen, high soil organic matter and improved soil health, transform, and enables systems that work with the grain of nature. For example, supporting the adoption of permanent and winter covers, inter and under-cropping, the use of herbal leys and fallows, composts and manures and genuine integrated pest management. We note that the Secretary of State George Eustice has regularly stated that the SFI will help reduce pesticide and fertiliser use and we support this high level of ambition. However, the current set of standards do not go far enough to lead to significant reductions and do not contain the full suite of actions required to incentivise broad uptake of integrated pest management. This could be addressed by including low or no input supplements within the existing standards.

Many of these practices can be introduced into a system to boost resilience, stabilise, and even improve yields, whilst benefitting farm profitability. However, broad adoption is likely to require access to public funds at least in the short term and careful consideration should be given to how the scheme can support existing low-input farming systems, such as extensive grazing systems, the use of traditional breeds and practices that are potentially the most beneficial farming systems for nature recovery when done right.

### 3) Improving access

Defra has yet to provide clarity on where funding to improve existing public access will sit. In the SFI pilot standards 2021, there are no options for farmers and land managers to be paid for actions that improve the accessibility of existing public rights of way on their land and which go beyond legal requirements to keep paths clear. Defra could include an

access standard within the SFI which allows farmers and land managers to improve access infrastructure on land and waterways, thereby contributing to a key policy aim of the 25 Year Environment Plan. Actions that could be paid for include: improved path surfaces and widths (beyond legal requirements); support for navigating waterways and enhancing blue corridors for nature and recreational use.

#### 4) Strengthened Soil Standards

We note that changes were made to the soils standards for 2022 (as compared to the pilot standards). Whilst the two soils standards for the SFI early roll out still do not set the benchmark for excellent soil management, we note several significant improvements, including: clarifying the relationship between payments and regulated activities, reducing budgetary risk by removing the current supplements, consolidating these actions within the required actions and including more stretching actions in the improved grassland soils standard.

We recognise Defra's commitment to co-design and openness to improve the standards over time. In practice, however, there is a risk that the first version of the standard becomes locked in, missing the opportunity to predictably increase standards over time. Leaving the question of future strengthening open also sacrifices the benefits of certainty for farmers and land managers, who would benefit from a clearly described pathway of expectations. Defra should set a firm commitment to increase the rigour of the standards over time, setting out the main components of change as soon as possible.

#### 5) The 2022 SFI offer

The SFI 2022 offer is limited, focusing on just the two soils and a moorland and rough grazing standard. Whilst we recognise the logic of starting with soils and avoiding too much cross over with the existing CS offer, a more rounded proposition will be needed as quickly as possible, covering a broader range of environmental outcomes.

The offer should be extended in breadth and depth over the coming years to ensure the scheme can make a significant contribution to the delivery of the government's environmental commitments. The SFI 2022 offer is not applicable to all farm and land types, including peat soils and more extensive grazing systems, dominated by semi or unimproved grasslands. CS provides some relevant options for these land types, but SFI 2022 will offer nothing new, and many farmers will see this as breaching the guarantee given by the previous Secretary of State that those in existing AES will not be unfairly disadvantaged in the new schemes.

Also, those already in schemes will be unable to access additional rewards to do more. A high amount of uncertainty remains regarding the purpose, scope, and the parameters of the SFI and what the 2024 offer will look like and deliver. What is clear is that the SFI offer needs to significantly ramp up in terms of ambition by 2024 if it is going to help place farming on a sustainable footing and make a significant contribution to the government's environmental commitments including the halting and reversal of the decline of nature by 2030 or to achieve net zero emissions.



The Agricultural Transition Plan updates suggest that the LNR scheme will phase in from 2023, a year earlier than previously advertised.

## Local Nature Recovery

**The aims and goals for Local Nature Recovery are ambitious and laudable. With pilots due to start in mid-2022 and phased roll-out in 2023, a lack of information about the scale and detail of the scheme is a risk. Farmers and land managers may not see a clear path of transition between Countryside Stewardship and Higher Level Stewardship existing agri-environment scheme to LNR.**

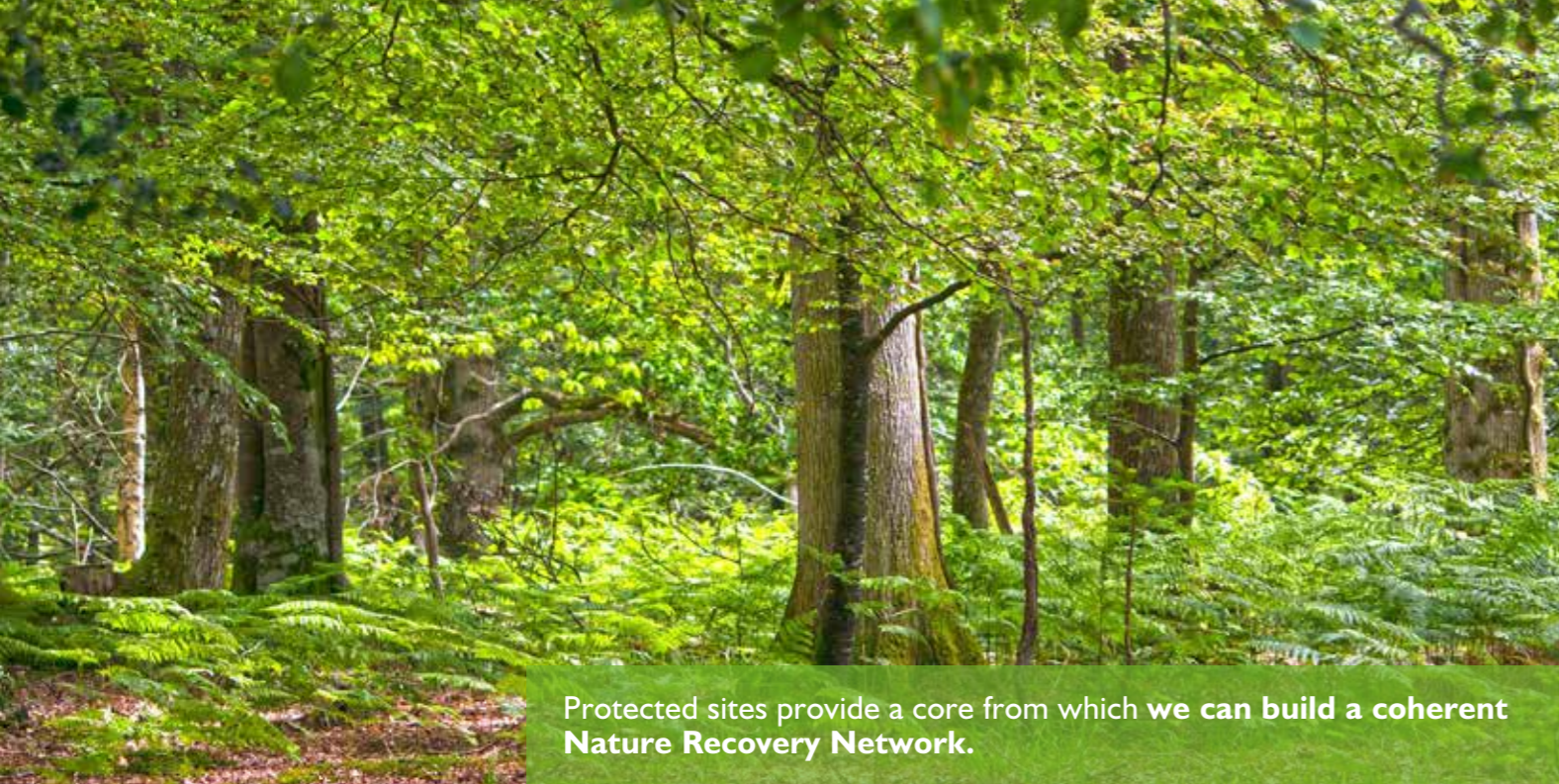
The Agricultural Transition Plan updates suggest that the LNR scheme will phase in from 2023, a year earlier than previously advertised. This is a positive step forward, providing an earlier entry point for those farmers and land managers keen to deliver more for nature and climate now.

To guide development of the programme, Defra should publish the strategic objectives of LNR before the pilot, so that farmers, land managers and the public have a clear understanding of the direction of travel. Publishing a set of options or actions without a detailed overarching framework leads to confusion about the aims of this scheme and risks a lower buy-in.

Objectives should include:

**I. Specific and targeted species recovery in line with the ambition of halting the decline of biodiversity by 2030:** Local Nature Recovery has a crucial role to play in improving locally targeted intervention actions for specific species/habitats, identified through a spatial prioritisation mechanism and supported through LNR. Whilst the SFI could in theory help boost populations of widespread species, some of the rarer, range restricted, or most threatened species need targeted and tailored support through LNR.

The conservation of species requires the engagement of farmers, and support to reward them for undertaking evidence-based interventions at the appropriate scale. There have been many effective examples of this kind of locally targeted conservation work, such as the recovery of the ciril bunting in south Devon, which can be applied more widely under LNR.<sup>12</sup>



Protected sites provide a core from which we can build a coherent Nature Recovery Network.

## **2. At least 75% of protected sites<sup>13</sup> should be in favourable condition by 2030:**

Protected sites provide a core from which we can build a coherent Nature Recovery Network. Many of these sites remain in a poor condition due to both on and off-site factors, with only **39%** in good condition. The LNR scheme provides an opportunity for all these sites to be subject to appropriate management, ensuring sufficient rewards for land managers. Ensuring that LNR sites are joined up with SFI sites would mean that it is also possible to buffer and connect these sites to improve their condition and ability to act as reservoirs for species colonisation.

**3. Restoration of priority habitat outside the protected site network, including non-statutory sites e.g. Local Wildlife Sites.<sup>14</sup>** Priority habitats in England such as grasslands, peatlands, woodland, and wetlands cover an estimated area of 2,646,687 hectares. A large area of this sits outside the protected areas network, particularly ancient woodlands. It is vital that LNR can enhance these areas of habitat, helping to recover species populations, store carbon, reduce flood risk and provide opportunities for access and education. The inventory of these valuable habitats is incomplete, leaving many areas at risk.<sup>15</sup> This is particularly true for many remaining fragments of species rich grassland and ancient woodlands. It will be necessary to improve inventories to enable land managers to access rewards to manage and protect these areas.

## **4. Contribute to a net increase of at least 500,000 hectares of semi natural habitat, including creating networks connecting existing wildlife sites.**

LNR could help contribute to the creation of the Government's target to create 500,000 hectares of habitat alongside other key mechanisms such as LR and net gain. On average, well-managed, semi-natural habitats that are in good ecological condition need to cover at least **30%** of the landscape to provide an ecologically coherent and functioning network. This means, for nature to recover, we need around four million hectares of semi-natural habitat in England compared to the 1.7 million hectares we have currently.<sup>16</sup>

If well designed and resourced, the LNR could help to deliver areas of habitat to expand and connect existing sites, in addition to creating new areas. The Local Nature Recovery Strategies could help identify potential areas and help target habitat creation where it is needed most, for example, to boost access to nature in urban and peri-urban areas, to help recover key species or drive improvements in water quality. Funding for these improvements should be combined with legal means to help safeguard these habitats for the long term.

## **5. Expand the area of high quality semi-natural habitat in National Parks and AONBs to cover 40% of these landscapes (an overall increase of 33%)<sup>17</sup> by 2030.**

Government should aim to expand the area of high quality semi-natural habitat to enable these large areas to be focal points for the development of resilient ecological networks.<sup>18</sup> National Parks and AONBs bodies will have a vital role in achieving this target and their Management Plans will be key. Increasing habitat within protected landscapes could make a significant contribution to the NRN, boost wildlife populations and provide more opportunities for engagement with nature. Clearly this needs to be done sensitively to respect and enhance the local character and heritage, for example by helping to restore traditional farmed habitats such as wood pasture, hay meadows, orchards and flood plain meadows, which have been lost from these iconic landscapes.

Restoring and creating habitat will also make a significant contribution to other objectives such as helping to store carbon, reduce flooding and improve air quality. It could also play a key role in helping to maintain resilient nature friendly farming businesses across these landscapes. In addition to creating more habitat, Defra should help fund better access to enable people to experience these areas safely and without causing damage.

**6. Increase coverage of organic and lowest input systems.** Logically, Environmental Land Management should aim to expand adoption of these whole-farm environmental system. Such as organic. Organic conversion and maintenance payments are currently funded through Agri-Environment Schemes, in recognition of public goods delivery and recognition that the organic market premium does not internalise all costs associated with public goods delivery from organic systems.

The SFI does not currently provide the necessary provisions to adequately reward the delivery of public goods provided by whole farm systems (such as organic) that drive measurable improvements in the natural assets upon which farming depends, such as soil, water, nature and climate, which also produce a range of public goods. One means of addressing this could be through enabling the 'stacking' of SFI standards alongside LNR options to provide the support needed. Defra could also introduce additional measures to support whole farm systems for example, through the introduction of supplements to reward no or low use of pesticides and artificial fertilizers in the SFI.

**7. Support the deployment of nature-based solutions including (but not restricted to) the restoration of peatland, the creation of native woodland and tree planting and catchment-based approaches.<sup>18</sup>** Once rolled out in 2024 LNR should make a significant contribution to the deployment of nature-based solutions to meet net zero by 2050, support adaptation and to tackle the nature emergency and adapt and mitigate to climate change. It is important to target the deployment of nature-based solutions to achieve multiple benefits from one parcel of land and to ensure that the best interventions are in the right locations and maximise environmental benefit.

The scheme will also play a vital role in delivering the governments tree planting targets inside and outside of woodlands. We recommend that LNR funding is used only for native trees or natural regeneration to ensure co-benefits for nature. This should go beyond UK Forestry Standards (UKFS). Trees outside of woods are an important aspect of overall tree canopy targets and trees on farms (agroforestry) a tool by which to achieve this.

LNR should also be able to contribute to the commitment to restore all upland peat beyond the 35,000ha target for 2025, and to support the restoration and sustainable management of lowland peat in England. Emissions from lowland peat is roughly 10x greater than uplands<sup>19</sup> with **90%** of lowland peat in the UK being drained for agriculture<sup>20</sup>. It may be necessary to rewet and restore large areas of lowland peatland via landscape recovery to reach net zero. However, the 'responsible management' of lowland peat used for agricultural production should also be delivered through LNR and the SFI including through innovative means such as paludiculture.



These landscape scale projects need to be carefully targeted to maximise public goods delivery.

**8. Help create a comprehensive access network.** It is vital that LNR helps fund the creation of a comprehensive access network to connect people to nature, heritage and landscape. Key to the public investment in public goods, should be public access to unlock the health and welfare benefits of a healthy and diverse natural environment, and to secure public buy-in to the Environmental Land Management schemes.

Local Nature Recovery Strategies could provide a means of helping to map out and create such a network, bringing people close to nature in a safe, enjoyable and responsible way. LNR could pay for actions such as creating links between existing walks/cycling routes; facilitate new access to water facilities and improving the accessibility of coastal paths.

**9. Enhance heritage assets.** The scheme should also support the protection and enhancement of heritage assets on landholdings. For example, Environmental Land Management could help restore historic hedges, stone walls and archaeological features that have become engulfed in scrub. Heritage is not just present in built features, it is also present in natural features (e.g. hedgerows, meadows, and veteran trees) and across landscapes. As such, the natural and historic environment require integrated, holistic management through LNR.

**10. Defra should also move away from framing Local Nature Recovery as an evolution of Countryside Stewardship.** Although the underpinning design of CS is sound, challenges with administration have led to low levels of popularity. Despite efforts to turn these administrative challenges around, CS is always likely to be tarnished. LNR needs to be a lot more ambitious and stretching than the mid-tier and encompass a broader range of outcomes. SFI should pick up many of the aspects covered by the mid-tier. LNR needs to have the ambition of the higher tier but be more flexible, tailorable, and responsive like Higher Level Stewardship. Whilst advice and targeting are likely to be key, we recognise that it is vital that LNR does not hit the same bottle necks as the Higher Tier, such as Natural England's advisory capacity and a rigid scoring system, that does not enable a manual override.

LNR could benefit from investment in Natural England's capacity, but also a broader network of advisers that involves a broader partnership between government and third-party accredited advisers. It might also be possible to provide more flexibility to tailor management – whilst enabling government to retain a quality control process. Local Nature Recovery Strategies could play a critical role in identifying local priorities that use the best data and local knowledge to help steer farmers and land managers to ensure the right actions in the right place. Farmers and land managers will be key stakeholders feeding into the development of Local Nature Recovery Strategies.

## Landscape Recovery

As with LNR, the stated aims of LR are ambitious and positive.

This scheme could help restore ecosystem function and areas of wilder habitat and provide nature-based solutions to climate and flooding. Defra has now suggested that this scheme will fund projects of between 500 – 5000 hectares, and as such could make a significant contribution to the delivery of the government's environmental commitments, whilst helping to level up investment in rural areas and the urban fringe. Restoring habitats at scale and the deployment of nature-based solutions across large areas will maximise wildlife benefits, enable the incorporation of innovative management (such as rewilding), help leverage private finance and be more cost effective. Defra should ensure this scheme is well targeted helping to connect existing sites as well as those created through LNR and other schemes.

Defra has clarified the likely size of each project and that they will aim to fund ten such projects by 2024, but there is no information regarding the scope of this scheme post-2024 and its contribution to government targets including (but not restricted to) those made under the Environment Bill. Whilst the LNR needs to contribute to the objectives outlined above, LR really needs to drive large-scale delivery.

In addition to habitat creation, the scheme has a key role to play in the deployment of nature-based solutions and creation of ecologically functioning landscapes. Re-meandering rivers and re-connecting their floodplains, realigning coasts, regenerating woodlands and re-wetting peatlands and more will deliver much for nature and people, helping to store carbon, purify air, reduce flood risk, improve water quality and adapt to climate change. The National Food Strategy Part 2<sup>21</sup> suggests that in line with the Climate Change Committee's (CCC) 6th carbon budget report roughly one tenth of agricultural land in England will need to transition to woodland, restored peat, and other seminatural habitats by 2035 as part of the broader UK road to net zero.

These landscape scale projects need to be carefully targeted to maximise public goods delivery. It is vital that these projects benefit both rural and urban populations. Defra should aim to use a common targeting framework for LNR and LR to coordinate investment and ensure the creation of an ecologically coherent network and to maximise the delivery of ecosystem service benefits. Defra also has the opportunity to integrate public access, enabling people to engage with and benefits from these laudable projects.





More progress must be made on the development of a new regulatory and enforcement system for future farming.

Delivering such large schemes will require significant investment in planning and feasibility studies. Close engagement with local communities, landowners, tenants, and commoners will be essential to ensure support for the projects and to maximise environmental, social, and economic benefits. Failure to engage local communities may result in significant opposition, but strong engagement could secure high levels of buy in.

## Regulation and Enforcement

**A large-scale transformation in the farmed landscape requires confidence. Farmers need certainty in the direction of travel – the “end point” of the farming transition – and that the rules will be enforced firmly but fairly across the board.**

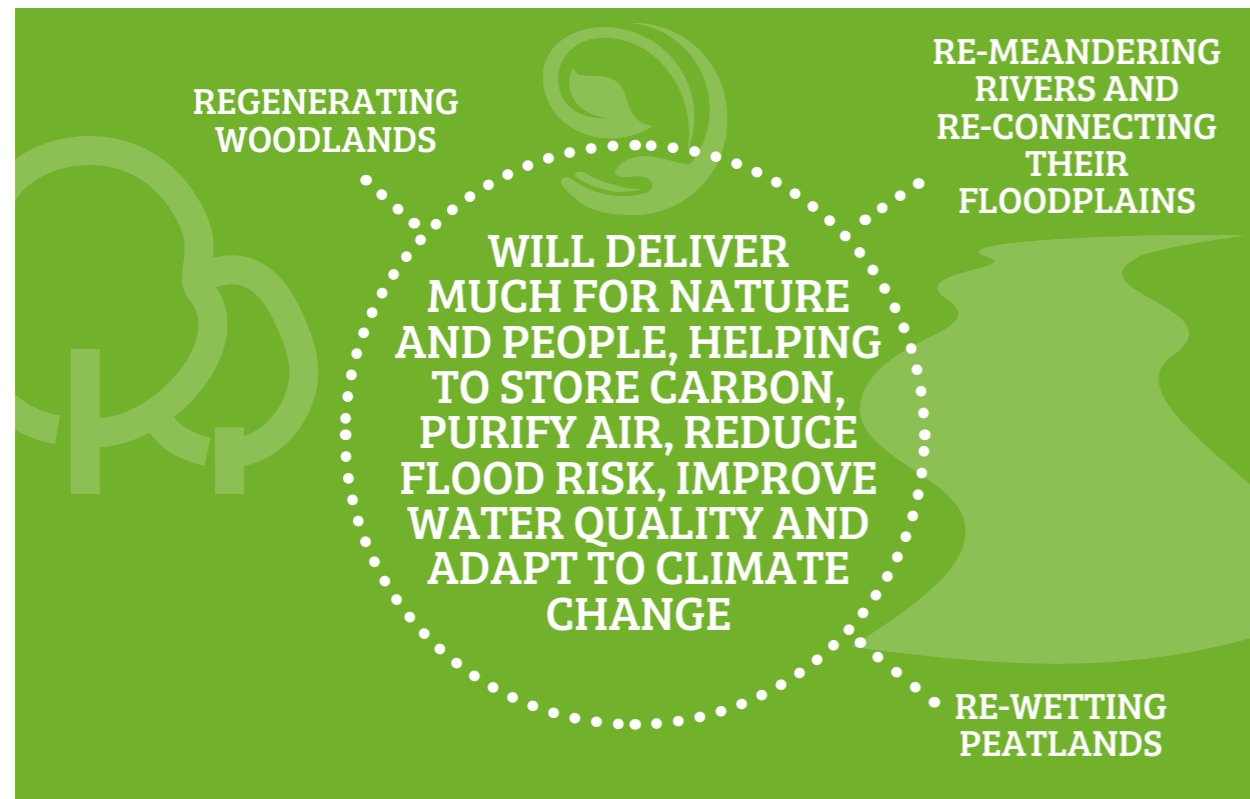
As yet, however, Defra has only described its conception of the future of farming in the most general terms. This means that farmers who want to plan their businesses and investments to achieve change are left guessing about the future regulatory expectations and what they might be paid for in seven years’ time. Defra should work quickly to describe the “new normal” of environmental farming at the end of the transition period to create the certainty that farmers and environmentalists need.

More progress must be made on the development of a new regulatory and enforcement system for future farming. Government had made a commitment to the House of Lords to hold a thorough public consultation, and as yet Defra have not responded to the Dame Glenys Stacey Review.<sup>22</sup> Getting this right will give confidence that some elements of the old system that were seen as punitive and over-bureaucratic will be jettisoned, but also that the future rules will be enforced with more precision and regularity across the board to ensure that every farmer plays their part.

So far, Defra has largely relied on a process of “co-design” – discussions about future regulation with relevant stakeholders. This has the advantage of being a cooperative approach, but it is more limited in its relevance and transparency beyond the farming sector and is difficult for the public to take part in. The Government should set out a transparent public process for regulatory reform, with formal public consultation.

### Developing a system of regulation and enforcement fit for the future

The multi-billion pound per year costs to the economy of pollution and soil erosion from agriculture are clear.<sup>23</sup> The high benefit to cost ratios of regulatory enforcement are also well evidenced.<sup>24</sup> Effective regulation is also a matter of fairness. The many farmers who do invest time and money into complying should not be put at a competitive disadvantage by allowing under-performance to go unnoticed. Cross-compliance has become a key tool used to drive compliance with environmental and access regulations and standards on the farms that currently claim direct payments under the CAP. While this has had





AN AVERAGE FARM INSPECTION  
RATE OF ONCE IN EVERY

**50 YEARS**

WON'T DRIVE COMPLIANCE

**Much more systematic inspection and enforcement** has taken place in the past. Around 22,000 farm visits were made between 1993 and 1996.

practical benefits, the downside is that it has associated agri-environmental schemes with inspections and penalties, and taking a similar approach with Environmental Land Management would be a disincentive to participation.

At present, almost all farmers claim payments through the CAP, so the contractual cross-compliance obligations are near-universal. If Defra's Environmental Land Management uptake target is narrowly hit, then almost **30%** of eligible farmers will be non-participants. This makes an advisory and regulatory presence independent of Environmental Land Management much more important than in the past. There are many issues with the existing system. The farming sector is concerned about the size of penalties for example, whereas civil society is exercised by pollution and poor enforcement.

Regulators and enforcement bodies have struggled to tackle breaches due to significant budgetary cuts. Significant breaches of environmental and access regulations on farms are continuing to occur and investment in remedial technologies is inadequate. In addition, limited flexibility, and discretion for regulators as well as a lack of join up between datasets and systems frustrate efforts to achieve greater efficiencies in farm inspections.<sup>25</sup>

We welcome the ATP announcement of an increased farm inspections target quadrupling recent performance, but this is from a very low base and we remain concerned an average farm inspection rate of once in every 50 years (at best) will be insufficient to drive compliance. Building on the lessons learned from the Axe catchment project<sup>26</sup> is positive and we look forward to seeing this balancing of advice, incentives and enforcement scaled up widely as part of the new regulatory framework. Attention will need to be paid both to focus areas and to compliance across agricultural landscapes.

### Setting a new baseline

The current regulatory baseline of environmental, animal welfare and access rules is insufficient to support sustainable land use management. By the end of the agricultural transition, the basic rules expected of all farmers and land managers will need to incorporate higher and effectively enforced standards.

This does not mean being prescriptive about what every farm will look like in future; it rather it means clarity on the "new normal" for farming, with higher regulatory standards across the board, more effective and fairer enforcement, and an Environmental Land Management offer that buys positive environmental outcomes.

Some of the elements of the Sustainable Farming Incentive that Government may reasonably pay for in the short term as part of the Agricultural Transition, should be incorporated in regulatory requirements over the years ahead, leading to a fair

"ratcheting up" of requirements. To do this effectively and fairly, the transition must be transparent and predictable. This means locking in as much certainty about the endpoint as possible. This will allow farmers and land managers to plan their businesses and investments to adapt to the new normal; it will also ensure that the Government reforms are not delayed or side-lined by other considerations.

Defra should set out a regulatory description of the "new normal" it intends to set by the end of the Agricultural Transition. This should aim to fill current gaps such as enhanced ambition on biodiversity, a more proactive approach to the protection of soils and the significant changes required in agriculture to contribute to meeting net zero GHG emissions by 2050 or earlier. Actions above the "new normal" may be supported by public goods payments. Contraventions of the regulations should be subject to firm but fair enforcement, following the polluter pays principle.

### Improving enforcement

Responses to Environmental Information Requests on farm inspection and Farming Rules for Water breaches revealed that overall, the Environment Agency's agricultural regulatory officers made fewer than one farm inspection per day from April 2018 –March 2020 across the whole of England.<sup>27</sup> Of the 308 inspections in 2019/20, aspects of the Farming Rules for Water were inspected at 129 farms, of which 66 were non-compliant with at least one rule. The Environment Agency's 2019 'Axe Report' found that **95%** of farms did not comply with slurry storage regulations and **49%** were polluting the river Axe.<sup>28</sup>

Much more systematic inspection and enforcement has taken place in the past. Around 22,000 farm visits were made between 1993 and 1996. The farms were selected using five catchment criteria: failure to meet set water quality standards, a history of pollution incidents, the risk to water sources, areas of high conservation value and public opinion.<sup>29</sup>

The Government committed in 2017 to design a new, fairer yet robust system. It commissioned the Farm Inspections and Regulation Review in 2018 but Defra has yet to respond to its recommendations or to launch a public consultation on the future of farming regulation despite a commitment to do so. The delays in that process (originally planned for 2019) means there is a missed opportunity to pilot Environmental Land Management within the context of a reformed regulatory regime.

Compliance with existing regulations and those proposed to manage air pollution would help slow the decline of biodiversity, whilst delivering significant social, health and economic benefits. The Government should implement a rapid upscaling of advice and enforcement to bring compliance close to **100%**.



We could see England's landscapes driving species recovery, climate action and sustainable food production from 2024 onward.



## Conclusion

**Making the Agricultural Transition move further and faster for nature, people and planet is absolutely vital. Much of the delivery on the Government's commitment to nature's recovery, net zero and access to nature will be determined during the short period leading up to 2024.**

Environmental Land Management and future regulation should together underpin a system of managing land which works with the grain of nature, and which supports people's enjoyment of green and blue spaces helping to tackle the big challenges we face.

There is much to be hopeful about, with the general direction of travel set out by Defra being routed in the concept of public money for public goods. But now it is vital to ensure this translates into real world action. No articulation now of the new regulatory baseline expected in 2024 will lead to a delay in the step-change we need in farming and land management practices; one that nature cannot afford.

All three schemes in Environmental Land Management need to work coherently together to provide farmers and land managers with the right options and incentives to deliver for nature, climate and people on the ground. This must be underpinned by robust regulation, and a baseline of environmental actions which increase over time to get our land to where it needs to be in the next decade: thriving, accessible and mitigating climate change.

Defra's ambition to adapt and improve the SFI over time should lead to marked and progressive improvements over the next year. The scheme should have the overarching ambition for farmers to manage **10%** of their land for nature as a minimum, while supporting the whole-farm systems such as agroecological and regenerative systems which would enable them to do so, whilst producing healthy nutritious food.

With very little detail on the higher ambition LNR and LR schemes, there is a risk that they may not feature in farmers' and land managers' future business planning. With a clear framework and clear objectives as set out in our recommendations for the schemes, we could see England's landscapes driving species recovery, climate action and sustainable food production from 2024 onward.

This report is supported by





## Footnotes

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**Wildlife and Countryside Link is the largest environment and wildlife coalition in England, bringing together 62 organisations to use their strong joint voice for the protection of nature, animals and people.**

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