

**Briefing: Key Principles for Environmental Land Management, the Future Farming and Countryside Programme and the agricultural transition period**

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**INTRODUCTION**

Environmental Land Management (ELM) and the wider Future Farming and Countryside Programme (FFCP) should be the cornerstones of this new way of managing land. These new policies should be a clean break from the inefficient and inequitable Common Agricultural Policy, while retaining the positive land management initiatives that are proven to deliver public goods. ELM and the wider FFCP must be ambitious and truly world-leading in order to meet the nature and-climate challenges ahead.

Alongside climate and nature priorities, the programme must contribute to a number of other public policy objectives. It should recognise the importance of access to nature for people's health and wellbeing. The public also support higher welfare, less intensive, livestock farming<sup>2</sup>. Furthermore, the expansion and intensification of agriculture has recently been highlighted by IPBES as a key driver of pandemics.<sup>4</sup> ELM has a key role to play in addressing each of these.

ELM and the wider FFCP must not drift away from their original public goods purposes, and we are glad to hear assurances from Defra that this will not be the case. In this way, the ambition should remain high for a decisive departure from the status quo, despite uncertainties associated with trade policy and the economic effects of coronavirus.

In this paper, we set out proposals for core principles for ELM, the FFCP, regulation and the agricultural transition.

**THE SUSTAINABLE FARMING INCENTIVE AND THE EARLY AGRICULTURAL TRANSITION PERIOD**

***Key principle 1- A fair transition:** robust and coherent package of support is required to facilitate a safe and fair transition to a new agricultural and land management policy based on the principle of public money for public goods. It should represent a decisive change in the purpose of payments, but make use of effective components of existing schemes which are proven to deliver public goods.*

The transitional offer provided should be sufficient to help transform farming and land management businesses through the vital but seismic shift caused by reorientating public funding on the delivery of public goods.

The transition should be underpinned by the "polluter pays" principle, ideally through preemptive expenditure to prevent pollution.

For an effective and equitable transition, the land management sector needs:

- **A clear statement of policy direction** that encompasses both farmers and land managers which reflects:

<sup>1</sup> *Wildlife and Countryside Link is the largest environment and wildlife coalition in England, bringing together 57 organisations to use their strong joint voice for the protection of nature. Our members campaign to conserve, enhance and access our landscapes, animals, plants, habitats, rivers and seas. Together we have the support of over eight million people in the UK and directly protect over 750,000 hectares of land and 800 miles of coastline.*

<sup>2</sup> <https://www.foodethicscouncil.org/resource/public-back-farmers-with-high-standards/>

- An integrated approach to land management. The current approach to subsidies has created an artificial distinction between agriculture and forestry which has discouraged many landowners from planting or maintaining trees on their land.
- The need to shift business as usual toward provision of public goods. Farmers and land managers are delivering a combination of food production, and public goods such as nature and heritage conservation, climate mitigation, and enhanced public access. This approach will deliver benefits for the environment but could also boost profits and ensure resilient food and farming and other land management sectors.
- The expectation of a new greener baseline, which can support nature's recovery. At the end of the transition period, it must be clear that "business as usual" will be a greener, more sustainable kind of land management. Land managers need certainty about the basic standards they will be expected to meet before additional support is available.
- **A commitment to funding a programme of training, skills development, business and environmental advice** to assist farmers transition to an unsubsidised, more market facing world.
- **Time-limited financial support**, in the form of productivity grants or interest-free loans, particularly to support a shift to more low input, high welfare, high value approaches. In addition, capital support available to invest in on-farm infrastructure may be justified, including to address systemic issues with non-compliance with regulation. However, this should be clearly time limited, and linked to a wider regulatory strategy.
- **A coherent financial offer that funds public goods delivery**, this should include:
  - Investment in the Higher Tier of Countryside Stewardship to enable more to access this scheme and to ensure progress against key government commitments.
  - Investment in existing Higher Tier and Higher-Level Stewardship agreements to provide access to vital capital works necessary to fund the management of protected sites and priority habitats, landscape and heritage features.
  - As the SFI (Component 1) is rolled out, this scheme should be ambitious, focusing funding on the delivery of public goods and not solely- or mainly- on reducing negative externalities and/or encouraging business-as-usual interventions; the early prototype version of Tier 1 should support measures that clearly deliver additionality.

## ENVIRONMENTAL LAND MANAGEMENT

As the plans for ELM are developed, its purpose must not shift away from public goods delivery to simply mitigating harm. All three Components of ELM (SFI, Nature Recovery and Landscape Recovery) need to be geared toward delivering for nature and for climate, giving farmers and other land managers the tools and incentives to manage their land to meet the Government's environmental and climate objectives.

Ultimately for ELM to be successful, it needs to achieve a balance between three key features –

1. Environmentally effective (deliver public goods and demonstrable environmental benefits)
2. Practical for farmers and land managers
3. Deliverable and auditable for Government

### The three-component system of ELM

We propose the following as high-level purposes of each of the Components of ELM<sup>3</sup>:

- Component 1 – **Sustainable Farming Incentive** – ‘The Regenerative Component’ an accessible component, providing all farmers and land managers the opportunity to protect and enhance the natural capital and heritage assets and public access on their land and receive rewards for the public goods they deliver. Even the highest yielding systems should be sustainable, reduce inputs and support positive outcomes for nature, and people on-farm.
- Component 2 – **Local Nature Recovery** – A high nature value component, driving the delivery of national environmental objectives in a locally responsive way, including the maintenance, enhancement, and creation of key natural capital and heritage assets including protected sites and priority species and habitats whilst also facilitating public access. This Component should support a range of nature friendly farming and woodland systems, including lower yielding and lower input systems such as organic and especially those that provide areas of semi-natural habitats.
- Component 3 – **Landscape Recovery** – A focused scheme to support landscape-scale land use change to enable nature’s recovery (and the beneficial management of the historic environment and public access where appropriate) and the creation of nature-based solutions, including rewilding, to climate change.

**Key principle 2- A transformational transition:** *The Sustainable Farming Incentive Component must not reinvent the status quo; it needs to be able to support farmers and land managers to transform their farm and rural businesses, while recognising that a healthy environment underpins a resilient farm and rural business. Rewards should be directed towards practices that rebuild vital natural assets such as pollinators, heritage assets, soil health, key habitats, and farmland plants and wildlife, for example.*

We fully support the implication that the Sustainable Farm Incentive will go beyond the baseline, encouraging positive land management. To lose this would be to ignore the potential of (and urgent need for) ELM SFI to be pitched much more ambitiously and to drive fundamental changes: to land management, to farming and forestry systems and to business norms. The status quo is not an option for the environment or businesses.<sup>4</sup> The SFI should be sufficiently flexible, providing farmers and other landowners with the tools needed to deliver public goods, which in turn will improve the health of their land and improve productivity.

This Component should not focus funding on addressing negative externalities or basic good practice measures. It is crucial to consider: the value for money, balance between private and public benefits and role of regulatory compliance. As the SFI is rolled out, Defra should consider encouraging the adoption of resource use efficiency measures for farming and forestry via entry requirements and where appropriate funded by the Productivity Pathway and not ELM.

**Key principle 3- Environmental objective-led resource allocation:** *All Components of the scheme will play a vital part in delivering key government commitments and should be afforded equal priority in scheme design, piloting and delivery. Defra should ensure the budget for each component reflects environmental need to ensure ELM can make a significant contribution to the delivery of environmental commitments.*

<sup>3</sup> We have used the new designations proposed by Defra for each of the three Component s.

<sup>4</sup> <https://www.nffn.org.uk/wp-content/uploads/2020/10/20012-NFFN-Report-Nature-means-business-DIGITAL-1.pdf>

Whilst we understand the need to focus on the development of The Sustainable Farming Incentive Component given its wider applicability to the farming community, we are concerned that this Component excludes other land managers. A lack of focus on The Nature Recovery Component and Landscape Recovery Component would risk a gap in support for high nature value activity, high animal welfare and improved access to nature.

**Key principle 4- Vertically integrated:** *The Local Nature Recovery Component should be able to support the delivery of national environmental and access objectives in a locally responsive way, supporting existing and expanding high nature value farming systems and wildlife species and habitats.*

Whilst ELM should build upon lessons learned from past schemes, it is vital to recognise that despite notable success, existing and legacy schemes have been insufficient to tackle declines in biodiversity. Evidence suggests that at least 30% of farms by area would need to manage at least 10% of their land for nature to recover farmland wildlife. Higher Level Stewardship only achieved an uptake of around 14%<sup>5</sup>. ELM needs to be bolder, more ambitious and more effective than its predecessors to drive real change.

**Key principle 5- Early action at landscape scale:** *The Landscape Recovery Component should be attractive to land managers and be fit-for-purpose to deliver at pace.*

Landscape-scale projects for nature's recovery will be vital for reversing ecological decline and delivering on Government commitments such as designating 30% of land for nature by 2030, Net Zero, ambitions in the 25YEP and most likely targets under the upcoming Environment Act.

This means that the Landscape Recovery Component must be comprehensive in design, but also be attractive to farmers and other land managers as a viable way to manage their land. It also requires urgency, meaning that it must be ready to deliver at-scale by 2024 at the very latest, while in the meantime providing incentives for land managers to lay the groundwork for projects in advance of 2024. It must also take into account the commons and be accessible to the complex and varied tenure types that exist within the commons across England.

#### ELM objectives, regulatory underpinning and whole-systems approaches

**Key principle 6- SMART objectives:** *Defra should develop a series of SMART objectives for ELM to guide scheme design and help identify priorities for funding.*

The lack of clear, SMART objectives for ELM, and for each of its components, risks an inefficient allocation of funds, weak accountability, and poor value for money.

With a clearer set of objectives, farmers and other land managers should be inspired by the possibility to achieve more with their land, and to be part of a wider vision to deliver a flourishing countryside and natural environment. We look forward to the development of SMART objectives going forward.

**Key principle 7- Firmly and fairly enforced:** *A robust regulatory system based on the polluter pays principle is essential to tackle negative externalities from farming and forestry and to underpin a new policy based on public money for public goods. Defra should be developing the financial assistance scheme (e.g. ELM) and the new regulatory system in tandem to ensure a cohesive and effective package.*

<sup>5</sup> Sharps, E. et al (2019). [Report to Natural England on ECM 52672: Predicting the extent of agri-environment provision needed to reverse population declines of farmland birds in England](#)

We had been expecting an intensive consultation on regulatory reform this Autumn. Delay in opening a formal consultation is deeply concerning and the lack of detail on regulatory reform – which has been expected since Dame Glenys Stacey’s 2018 review – is proving increasingly problematic for effective development of ELM and other incentive schemes.

Unless regulatory reform is progressed rapidly and decisively, and brought in alongside ELM, the Animal Health and Welfare Pathway and productivity schemes, there is a high risk that the end result will be parallel processes that do not cohere and are perceived as ungainly by the end user. It could also mean that the regulatory baseline that should underpin incentive schemes will be weak and poorly enforced, when it should be strengthened.

**Key principle 8- The polluter pays:** *ELM should not pay to meet regulatory standards, existing elements of cross-compliance or basic good practice. Instead, these should be pro-actively enforced, for example through payment eligibility and penalties.*

While there is logic in paying to improve the sustainability of farming and forestry through well-evidenced whole-system approaches (e.g. organic), paying land managers solely to reduce negative externalities from their business is not a good use of public money.

There is a risk that the reward of various activities<sup>6</sup> would amount to ‘public money to avoid public bads’. ELM should be targeted squarely on delivering public money for public goods that enhance the landscape for nature, avoiding: those that exist in current regulation, others from current regulation, and those which do not yet exist in regular but plug gaps from the loss of cross-compliance and are consistent with the Polluter Pays Principle.

Payments made under the new ELM regime should be conditional upon recipients fulfilling existing legal requirements relating to public access, environmental standards and animal welfare. Penalties for non-compliance should also be embedded and/or fulfilling these requirements could be a pre-condition of entering into the SFI Component of ELM.

**Key principle 9- A whole-holding approach:** *all components of ELM need to help transform farming and forestry, helping to reframe a healthy environment as central to a resilient business as opposed to a bolt-on or luxury. As a minimum, the government should be supporting the adoption of whole system approaches (such as organic) as they reduce negative externalities and deliver public goods.*

Whole-holding approaches, alongside other methods, are repeated under the delivery of each objective in our analysis. This is because they are well evidenced as delivering a wide range of public goods and providing good value for money.

Examples of whole-systems approached include:

- Agroecological: the application of ecological concepts and principles in farming. This includes organic and agroforestry approaches.

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<sup>6</sup> See full annex II of full paper: ‘Vision for ELM, the Future Farming and Countryside Programme and the agricultural transition’- Link Nov 2020

- Regenerative: a method of farming that improves the resources it uses, rather than destroying or depleting them.

A holistic view should also be taken where a holding has a range of important heritage, landscape or archaeological features, such as ancient grasslands, veteran trees, traditional farm buildings, historic hedgerows or earthworks. The management of all of these features should be integrated so that the land manager understands the different ways in which their holding is contributing to the public good.

**Key principle 10- Open to all land managers meeting basic green standards:** *Entry requirements and conditions are vital to create a baseline standard for farmers and other land managers receiving public money. It must ensure that at the very least, land managers are meeting a minimum set of requirements that can be demonstrated to deliver public goods. On eligibility there should be no 'active farmer test' and the de minimis level should be kept as low as possible proportionate to administration costs.*

The conditions to which an ELM contract should be subject should be included because they:

- Are regulatory requirements
- Should be deemed good practice and represent limited value for money.
- Require near-universal uptake and can be delivered at no net cost to the land manager.

For a full list of suggested conditions, please see Annex II of the full paper<sup>7</sup>.

**Key Principle 11- Integration with other policies:** *Synergies should be maximised and objectives aligned between ELM and other policy drivers and funding mechanisms to ensure cohesiveness and complementarity. At the same time, care should be taken to avoid the dismantling of ELM as a holistic approach to environmentally sustainable farming and land management and ambitious environmental*

Whilst it would be acceptable to look to other funding instruments where a common goal exists, as with the Landscape Recovery Component and the Nature for Climate Fund, any additional funding made available during the transition period should not lead to a reduction in total ELM funds but allow more ELM funding to be spent on increasing the ambition and scaling up the wider ELM national pilot. This principle is important, in both the short-term and long-term, to avoid the dismantling of ELM as an holistic approach to encouraging more sustainable farming, land management and environmental delivery.

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<sup>7</sup> 'Vision for ELM, the Future Farming and Countryside Programme and the agricultural transition'  
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