



The future of Environmental Land Management and wider farming policy

Wildlife & Countryside Link briefing for the Secretary of State for the Environment, Food and Rural Affairs, October 2022

A new era for farming

The Agriculture Act 2020 paved the way for paying farmers and land managers public money for public goods to underpin productivity. It also enabled regulatory reform, investment in technology and research, clamp downs on unfair trading practices and greater transparency in the supply chain.

Alongside the Net Zero target, the Government has also introduced a target to halt the decline of species by 2030, along with a raft of other targets being developed under the Environment Act 2021. It has also set a policy ambition, in its 25 Year Environment Plan, to ensure that the natural environment can be cared for and used by everyone.

Building on the work that has been done by the Government since 2016, this new administration has an opportunity now to usher in a new era for farming. The Agricultural Transition is needed now more than ever if we are to reap the benefits of increased biodiversity, improved access to the countryside and climate change mitigation and adaptation. Rather than pitting biodiversity, climate action and public access against food production, the new Environmental Land Management (ELM) schemes can leverage an approach that benefits all, coupled with targeted support funds over the transition period. A strong economy needs a healthy environment and healthy people.

A continuation of the Agricultural Transition at the current speed and level of ambition is insufficient. Speeding up the transition towards a new farming and land system that works with the grain of nature is vital for ensuring future food security, and to giving farmers more certainty and confidence to change. In contrast, a two-year delay to the transition would significantly reduce the contribution of the new ELM schemes to the fifth carbon budget, leaving a substantial gap in the UK's Net Zero plans.ⁱ

An effective system of payments for public goods must be underpinned by robust regulation and fair but firm and well-resourced enforcement. Any weakening of farming rules would exacerbate the environmental harms that the Government has committed to reducing. This must also be coupled with green and fair trade policy.

At this moment of transition, commitment to ambitious implementation of ELM through the retention of ambitious Local Nature Recovery & Landscape Recovery schemes, increases in the overall Environmental Land Management budget and the maintenance of good regulation will yield lasting rewards for farmers and food security



Environmental Land Management schemes

Key recommendations for Environmental Land Management

1. The model of three ELM schemes should be maintained, with the blueprint for each of those schemes following the ambition set out in the Agricultural Transition Plan.
2. The 'first tier' scheme (currently called the 'Sustainable Farming Incentive') needs to drive meaningful change, which places farming on an environmentally sustainable footing, and encourages greater enjoyment of the countryside.
3. The 'middle-tier' scheme (currently called 'Local Nature Recovery') should build on the effective elements of Higher Level Stewardship but must exceed them in ambition and in uptake, rewarding land managers for undertaking locally tailored and spatially targeted environmental and public access improvements, with additional rewards to support collaboration.
4. The 'third-tier' (currently called 'Landscape Recovery') should continue to be rolled out to ensure that it supports the landscape scale management and creation of carbon and nature-rich habitats. Funding must be primarily provided through ELM, but could be supplemented with private investment in future.
5. Environmental Land Management must be delivered quickly and should be coupled with other targeted measures that work together to safeguard resilience and productivity. This includes a transition fund which provides support to vulnerable businesses such as those with high nature value farming systems and those maintaining protected sites.

It is vital that ELM is based on the principle of public money for public goods, thereby placing the maintenance and enhancement of the health of natural assets at the heart of farm business practice. It should be delivered at pace, and all three schemes must be strong, ambitious, and far-reaching to each play their intended roles. This would provide the best means to:

- Unleash the potential of the farming sector and land to help drive the delivery of the Government's environmental commitments, including Net Zero, recovering nature, improving water quality and improving public access.
- Secure good value for money, and build a stronger business case for investment in the farming and land management sector.
- Underpin sustainable food production and food security, given the risks presented by climate change, and the loss of soils and biodiversity; and
- Strengthen farm business resilience by helping to reduce reliance on expensive fossil fuel and artificial inputs.

Current agri-environment schemes have tended to act as a 'bolt-on', rather than as a central function of farming. Defra's 'Environmental Targets Evidence Pack' showed that maintaining current levels of ambition currently seen in Countryside Stewardship would not be sufficient to meet the Government's targets. For example, maintaining the status quo would lead to a 13% decline in the farmland bird indicator by 2030.ⁱⁱ



Furthermore, the Climate Change Committee has been clear that current farming policy, including published plans for Environmental Land Management and the Government's Food Strategy do not adequately lay out a plan for the sector's contribution to reaching Net Zero. This is why increased ambition, through more tailored and spatially targeted schemes that reward collaboration, are essential for meeting government objectives.

Finally, in addition to ELM, targeted support packages are needed to support delivery on the ground and investment throughout the transition. For example, a transition fund is needed for high nature value sites and the network of the protected sites before all of the ELM schemes are rolled out. Many land managers may struggle to finance the appropriate management of designated sites without targeted support. There is also a need to maintain the current payment principle that farmers already delivering for the environment should not be disadvantaged in the transition and there should be continuity of support for those land managers who are already in schemes such as CS/ES and organic support.

The agriculture and land management budget

Key recommendations for the agriculture and land management budget

6. Direct payments must be phased out by 2028 as stated in the Agricultural Transition Plan, with the budget being redirected to pay public money for public goods, primarily through Environmental Land Management schemes.
7. The budget for farming must be maintained at £2.4bn as a minimum until the end of 2024, as promised in the Government's 2019 manifesto.
8. Beyond 2024, the Government should determine an independent and accurate picture of the scale of environmental and public access need that ELM needs to meet, which is currently estimated to be around £1.7bn per year in England, based on existing pre-Brexit environmental objectives. Once the new environmental targets are accounted for, we expect an ELM budget of between £2.4-£3bn per annum will be needed as a minimum.
9. The budget for Environmental Land Management should also be allocated across the three schemes to maximise value for money and environmental delivery. Allocating the majority of budget to the Sustainable Farming Incentive is unlikely to drive the level of environmental delivery needed.

The case for moving firmly away from direct payments is clear: untargeted direct payments are ineffective, inefficient, and inequitable. They are very poor value for money for the taxpayer. This is why the planned phase-out of direct payments by 2028 should be maintained.

The Government's move away from EU-style payments toward paying farmers and land managers public money for public goods is world-leading in both principle and ambition and has the support of many voters.ⁱⁱⁱ It has the potential to shore up food security and drive green innovation by supporting the regeneration of biodiversity and climate change mitigation. Investing in Environmental Land Management makes economic sense, because it would cost the economy less than allowing environmental degradation to continue.



To take a few examples: soil degradation alone is costing the UK £1.2bn per year;^{iv} crop losses due to extreme weather in 2018 cost the industry £185m, with similar or higher predictions for 2022;^v poor water quality costs the UK economy roughly £1.3bn per year^{vi} and nitrogen wastage costs the UK economy an estimated £2.5bn per year.^{vii}

This all amounts to over £5bn already, before accounting for carbon losses, flooding and a range of other environmental harms that continue to come at an economic cost.

In contrast, current levels of programme investment over the agricultural transition are estimated to deliver a net present social value of £28.7 billion, with an overall estimated benefit-cost ratio of 2.5.^{viii}

ELM is already addressing significant risks to the future of farming – more ELM means less risk.

In the future funding should meet the scale of need. The latest assessment of need for future environmental delivery, productivity and resilience would exceed the current allocated budget. The current budget for Environmental Land Management and Countryside Stewardship combined is only around £1bn per annum.^{ix}

However estimates show that the scale of government funding needed for environmental delivery associated with land management and existing environmental objectives is already £1.7bn per year before taking into account the new objectives and targets of the Environment Act, Net Zero and 25 Year Environment Plan.^x We expect that a new scale of need estimate will find that Environmental Land Management and wider environmental delivery on land will require at-least £2.4bn-£3bn per year.

The budget must also be distributed carefully between the schemes. Currently, only £50m is due to go into Landscape Recovery and the budget for Local Nature Recovery is unconfirmed. If a large proportion of the ELM budget is allocated to the Sustainable Farming Incentive- an untargeted scheme- the Government are unlikely to meet their statutory environmental targets.

Agricultural regulation and wider farming policy

Key recommendations for farming regulation and wider farming policy

10. Farming and land management must be underpinned by fair but effective regulations to create a level playing field and protect society. The function and protections afforded in existing key legislation such as the Farming Rules for Water or Plant Protection Products must not be weakened, but should be built upon.
11. Key regulatory gaps emerging from the loss of cross compliance such as waterbody buffering or hedgerow protections must need to be plugged before de-linking agricultural payments.
12. Enforcement must be proportional but firm, with a budget for arms-length bodies which is sufficient to carry out the functions of enforcement.
13. Environmental and animal; welfare standards set for food and farming in Britain Farming standards must not be undermined by trade deals.



A new future for food and farming will need a suite of tools including ELM, robust regulation, a fair and green trade policy and support for innovation; no one of these can solve the complex problems of climate change, biodiversity decline, food insecurity, public health and well-being and rural business resilience alone.

It is particularly important that the investment that Defra makes through Environmental Land Management is not be undermined by poor regulation or weak enforcement; maintaining a strong baseline for farming will ensure that the environmental improvements made through the schemes build upon a solid baseline which prevents environmental harm across England.

Maintaining and strengthening current regulatory standards will drive growth and innovation. A government report found that environmental regulation is likely to have a net positive impact on growth in the UK economy, because it drives innovation and provides certainty to markets.^{xi} A robust regulatory baseline must be matched with well-resourced and strong enforcement and advice bodies.

As well as maintaining existing regulation, when direct payments are delinked, some of the non-statutory rules under cross-compliance (such as hedgerow protections or waterbody buffering) will cease to apply. To maintain the baseline at its current level, these rules will need to be put on a statutory footing. There are also other gaps in the regulatory baseline such as on protection for soils and climate mitigation, which are not covered by regulation or best-practice rules, which must be implemented to mitigate further environmental harms and to meet environmental targets.

As well as robust regulation, fair and green trade policies are needed to avoid the sector being undercut by lower standards abroad. To avoid a race to the bottom, the Government should put in place core environmental standards, including welfare standards as recommended by the EFRA Select Committee. These would require all imports to meet comparable environmental standards to those which are mandatory for UK farmers. They would ensure that any trade liberalisation in agriculture does not happen at the cost of the transition to more sustainable agriculture, and does not offshore our environmental footprint of consumption.

This briefing is supported by the following Link members:

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Wildlife and Countryside Link (Link) is the largest nature coalition in England, bringing together 67 organisations to use their joint voice for the protection of the natural world.

ⁱ <https://green-alliance.org.uk/briefing/delaying-elm-would-halve-its-carbon-savings-by-2035/>

ⁱⁱ <https://green-alliance.org.uk/wp-content/uploads/2022/10/The-implications-of-rolling-back-ambition-on-agri-environment-schemes-in-England.pdf>

ⁱⁱⁱ <https://green-alliance.org.uk/wp-content/uploads/2022/07/YouGov-Green-Alliance-survey-results-June-2022.pdf>

^{iv} <https://www.gov.uk/government/statistics/united-kingdom-food-security-report-2021/united-kingdom-food-security-report-2021-contents>

^v https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1077015/United_Kingdom_Food_Security_Report_2021_19may2022.pdf

^{vi} <https://www.oecd.org/environment/resources/England-case-study-water-quality-and-agriculture-diffuse-pollution.pdf>

^{vii} https://www.wwf.org.uk/sites/default/files/2022-02/Finding_the_balance_report.pdf

^{viii} [13 September 2021: Future Farming and Countryside Programme Phase 2 business case: accounting officer assessment - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/1077015/13_September_2021_Future_Farming_and_Countryside_Programme_Phase_2_business_case_accounting_officer_assessment_-_GOV.UK_(www.gov.uk))

^{ix} https://www.wcl.org.uk/docs/Autumn_Budget_Spending_Review%202021_representation-%20WCL-1.PDF

^x <https://www.wildlifetrusts.org/sites/default/files/2019-09/Paying%20for%20public%20goods%20final%20report.pdf>

^{xi} https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/32107/12-821-impact-of-regulation-on-growth.pdf