

Work of Defra: Health and Harmony inquiry

**Written evidence for the Environment, Food and Rural Affairs Committee
by Wildlife & Countryside Link**

April 2018

Wildlife and Countryside Link (Link) brings together 48 environment and animal protection organisations to advocate for the conservation and protection of wildlife, countryside and the marine environment. Link is the biggest coalition of environmental and animal protection organisations in England. Our members practice and advocate environmentally sensitive land management, and encourage respect for and enjoyment of natural landscapes and features, the historic and marine environment and biodiversity.

The following organisations support this response:

- Amphibian and Reptile Conservation
- Buglife
- Butterfly Conservation
- Campaign for National Parks
- CPRE
- Friends of the Earth
- National Trust
- Open Spaces Society
- People's Trust for Endangered Species
- Plantlife
- RSPB
- RSPCA
- Wildfowl and Wetlands Trust
- The Wildlife Trusts
- Woodland Trust
- WWF-UK

Introduction

Link welcomes the opportunity to feed into the EFRA Committee inquiry into the Government's consultation: '*Health and Harmony: the future for food, farming and the environment in a Green Brexit.*' Referenced to hence forth as the 'consultation paper'. Leaving the EU presents the opportunity to develop a farming and land management policy to replace the CAP that secures a sustainable future for the sector and the environment, and deliveries a range of public goods for society. Link has set out proposals for a '*Sustainable Farming and Land Management Policy for England*'¹. These proposals are framed around the need to restore our natural capital, whilst building resilience, and supporting production that is sustainable, humane and innovative.

Headline Response

1. Link supports Defra's proposal to move away from direct payments toward a system of public payments for public goods. Public funding needs to be at least equivalent to current levels to protect and enhance the natural environment in line with the ambition of the Government's 25 Year Environment Plan.

¹Link (2017) A Sustainable Farming and Land Management policy for England'
<https://www.Link.org.uk/docs/Link%20farming%20and%20land%20use%20policy%20paper%20FINAL%20Sep%20202017.pdf>



2. Clearly, Government have an interest in supporting a profitable farming and land management sector, resilient to external shocks. However, profitability itself is not a public good. The focus of a public payments policy should be on the natural environment and animal welfare outcomes to address market failures, with measures such as advice, loans and targeted grants used to foster sustainable improvements in productivity and innovation.
3. Link strongly welcomes Defra's proposal to base future support on the guiding principle of public money for public goods. It is important Defra define these public goods to re-orientate policy towards securing the things that society needs, but which the market does not provide, such as biodiversity, clean water, healthy soils and beautiful landscapes for people to enjoy.
4. Link strongly welcomes Defra's proposal to place a new environmental land management (ELM) system at the cornerstone of farming and land management policy in England. Link advocates the need for a national framework that provides effective regulation, comprehensive and targeted ELM contracts and measures to promote sustainable and innovative production, including specific support for agroforestry and organic farming. Government should also invest in policy delivery, through excellent local advice, administration (e.g. IT), stakeholder engagement, and comprehensive monitoring.
5. The 'agricultural transition' could make or break the success of future farming and land management policy. Defra needs to provide further clarity on the details and timescales of this transition to enable farm businesses and others to plan, and reassure the stakeholder community that Government has the plans and resources in place to make this transition a successful one.
6. Link regards the environment as 'essential' in the context of commonality to ensure the sustainable management of natural resources and to meet international obligations. However, the UK Government and devolved authorities must mutually agree and co-design common frameworks.

Detailed Response

1. What will the consequences of the withdrawal of Direct Payments be?

1.1. Direct payments under the Common Agricultural Policy (CAP) are inequitable, inefficient and ineffective. However, the consequences of the withdrawal of direct payments are uncertain, and arguably impossible to determine without knowing the future budget and payment structure of an Environmental Land Management (ELM) system. Clarity on the scale of future funding, and how it will be given a long-term and stable footing is needed as a matter of urgency. Evidence² suggests that funding needs to be at least equivalent to current levels of CAP expenditure, but re-focused to protect and enhance the natural environment in line with the ambition of the Government's 25 Year Environment Plan³. Other factors such as trade agreements and market conditions will also have an impact on farm businesses, independent of the decision on the future of public payments.

1.2. The removal of direct payments presents a number of risks and opportunities for the environment. It creates the opportunity to transition to a new policy focused on delivering

² Rayment, M. (2017) Assessing the costs of Environmental Land Management in the UK. Final Report. A report for the RSPB, the National Trust and The Wildlife Trusts

³ Defra (2018) A Green Future: Our 25 Year Plan to Improve the Environment, Defra

public goods, which is in line with the ambition of the 25 year Environment Plan to restore the natural environment within a generation. However many high nature value farming systems⁴ are currently dependent on direct payments⁵. Hence, the design and payment structure and available budget of a new ELM system is going to be key to success. Defra must carefully manage the transition away from direct payments, particularly if payments are de-linked from land during the process. Whilst de-linking payments could enable a swift and welcome transition to a the new policy, it could also leave a 'gap' in regulatory enforcement given that this would also spell the end of cross-compliance conditions attached to these payments.

- 1.3. Once Defra has a clearer view of future ELM system design and the process to remove direct payments, it will need to undertake a thorough impact assessment to understand the potential consequences.

2. To what extent do the Government's proposals support farmers to improve their profitability and prepare for the new agricultural policy?

- 2.1. Clearly, Government have an interest in supporting a profitable farming and land management sector, resilient to external shocks. However, profitability itself is not a public good. Government must place its emphasis for future public payments on public goods such as the natural environment and animal welfare. There is a much stronger intervention logic for environmental and animal welfare outcomes than for profitability. There is a strong case to support public goods, principally the environment and animal welfare, due to the high degree of market failure, the associated alignment with the HM Treasury Green Book, and the scale of need for environmental land management objectives. The most recent comprehensive estimate of costs associated with environmental land management requirements put the estimate at £2.3bn⁶. However, this figure is only a starting point, as it does not include important costs such as advice, infrastructure or delivery of other public goods such as access to the countryside, high standards of animal welfare or tackling greenhouse gas emissions.
- 2.2. Government should support farmers and land managers through the 'agricultural transition'; this may involve the provision of business advice, grants for innovative investments, and mechanisms such as loans to mainstream innovation through the sector. This support must be contractual, available for farmers and land managers to apply for, in return for clear public benefit.
- 2.3. It is important Government do not overlook the role of an environmental land management system in supporting both productivity and profitability. Good examples of this include

⁴ High Nature Value (HNV) farming describes the low-intensity farming systems upon which the survival of many of our iconic species, habitats and landscapes in the UK are dependent. These systems also provide a host of wider benefits for society including carbon storage, the protection of water resources and the maintenance of landscape character and cultural heritage.

⁵ Cumulus (2017) The potential impacts of Brexit for farmers and farmland wildlife in the UK, report for RSPB <https://www.cumulus-consultants.co.uk/documents/The-potential-impacts-of-Brexit-for-farmers-and-farmland-wildlife-in-UK-23.10.17.pdf>

⁶ Rayment, M (2017). Assessing the costs of Environmental Land Management in the UK, A report for the RSPB, the National Trust and The Wildlife Trusts <https://www.nationaltrust.org.uk/documents/assessing-the-costs-of-environmental-land-management-in-the-uk-final-report-dec-2017.pdf>

agroforestry (which can increase productivity by up to 40%⁷), improving soil function and supporting the creation of habitats such as wildflower margins that support higher populations of pollinators and crop pest predators.

2.4. The Government's proposals focus on boosting productivity to increase the profitability of farm businesses. Defra suggests it wants to create an "*enabling environment for farmers to improve their productivity and add value to their products, so they can become more profitable and competitive*". It is also crucial to acknowledge that the profitability of farming and land management businesses is not just about increasing productivity. In many cases, it is about reducing inputs to the system.

3. The Government plans to base the new policy on public money being used to pay for public goods. To what extent do you agree with this approach? What public goods should be supported?

3.1. Link strongly welcomes Defra's proposal to base future land management support on the guiding principle of public money for public goods, building from a regulatory baseline informed by the polluter pays principle. At its simplest, this means a reorientation of policy towards securing the things that society needs, but which the market does not provide, such as species and habitats, clean water, climate adaptation, beautiful landscapes, opportunities for informal recreation, and public health, creating a basic framework of 'polluter pays, provider gets'. Compared to the untargeted subsidies that have dominated the CAP, this should point to a fundamental shift in the shape and purpose of future policies, which Link and its members have argued for over the last two decades.

3.2. We particularly welcome Defra's treatment of 'environmental protection and enhancement' as the 'principal public good'. It is crucial to have a clear definition of public goods; however, the relevant section in the consultation paper risks confusing things, opening up the concept to include elements such as productivity that established definitions would not recognise as a public good. Whilst debate on what public policy should seek to achieve is welcome, there is a risk that Defra will seek to shoehorn too much into the public goods 'box', diluting the principle to the point where it is of no real use in creating a focused and effective future policy.

3.3. The focus on clear environmental benefits is the best way of securing a long-term funding settlement for the sector and providing a good return for taxpayers. In this respect, recognising the strength of this case is also the best way for farmers and land managers to secure the long-term stability that the sector needs. In the long term, the market needs better to complement public funding, making it profitable and rewarding to manage land sustainably for both private and public benefit. Government should consider how it designs future policy to enable private funding to be crowded in and prevent it from being crowded out.

⁷ Lampkin, N.H., Pearce, B.D., Leake, A.R., Creissen, H., Gerrard, C.L., Girling, R., Lloyd, S., Padel, S., Smith, J., Smith, L.G., Vieweger, A., Wolfe, M.S., The role of agroecology in sustainable intensification Report for the Land Use Policy Group. Organic Research Centre, Elm Farm and Game & Wildlife Conservation Trust. 2015

4. How should the new policy based on supporting public goods be coordinated and delivered?

4.1. Link strongly welcomes Defra's proposal to place a new ELM system at the cornerstone of farming and land management policy in England. ELM schemes are one of the most important delivery mechanisms for environmental enhancement, on farmland, forestry and for non-agricultural priority habitats such as wetlands and heathland⁸. Link recognises four crucial elements of a future ELM system: effective regulation, comprehensive and targeted ELM contracts and measures to promote sustainable, humane and innovative production, see *table 1*. Defra's proposals broadly mirror this framework, however; they have not provided a clear statement regarding the scale at which they envisage the implementation of future ELM schemes.

Table 1. Key Elements of future ELM policy design

Elements	Explanation
Effective regulation	A strong legislative baseline, providing an effective basis for public investment, which safeguards the environment and animal welfare, and protects the interests of society. Cross-compliance rules in CAP should be replaced with a more effective and simplified approach, which improves outcomes for the public whilst reducing bureaucracy for farmers and land managers. Supported by monitoring to ensure delivery of public goods.
Comprehensive Environmental Land Management contracts	Universally available payments to address environmental issues common across the countryside, such as soil degradation, declines of widespread species; diffuse pollution and public access, which often need relatively simple interventions. Payments would also support organic farming following certification, continued support for conversion to organic and other agroecological systems such as agroforestry.
Targeted Environmental Land Management contracts	A range of measures to support more targeted action, ranging from proven interventions such as higher-level agri-environment payments including organic to more novel and innovative mechanisms, including seed-funding for market-based and reverse auctions in some circumstances. Payments would secure a step change in land management through landscape-scale collaboration, securing public benefits such

⁸ Batary, P et al (2015) The role of agri-environment schemes in conservation and environmental management, *Conservation Biology*, 29, (4), pp1006–1016

	as the maintenance, restoration and creation of priority habitats including native broadleaf woodland, species recovery, carbon storage, conservation of the historic environment and natural flood risk management.
Measures to promote production that is resilient, sustainable, innovative and humane	A range of measures to support advice and training, and targeted capital grants and loans to support actions such as 'above baseline' animal welfare improvements, integrated pest management, business diversification and resource use efficiency.

Taken from Link paper 2017

- 4.2. It is important Defra draws upon the past thirty years of experience of environmental land management systems. However, Link is also keen to see Defra test and trial more novel, ambitious approaches such as reverse auctions, whole farm approaches and outcomes focused delivery. Defra have the opportunity to design an ELM system that crowds in private funding to supplement and support public investment. Taking a hybrid public private approach will not only help deliver important public goods such as biodiversity, but helps open farm and other land management businesses to new funding opportunities.
- 4.3. Defra has provided limited detail on the delivery or governance of the new policy, possibly in the spirit of consultation. Link considers a national framework to be key, with a single agency responsible for defining national (and international) environmental and animal welfare policy outcomes and commitments. To provide a foundation of success, the national framework must include four elements:
- Well-resourced and expert advice for farmers and land managers, covering a range of issues from regulatory compliance and environmental interventions to business advice.
 - Investment in systems and processes, especially IT.
 - Partnership between farmers, land managers, the public and stakeholders at all stages of policy development and implementation to create relevant policies that have a genuine sense of ownership.
 - Investing in comprehensive monitoring and evaluation to check progress and ensure continuous and iterative improvement.
- 4.4. A new scheme should provide significant scope for local leadership to determine local priorities and drive delivery. A variety of actors could take this forward, such as groups of farmers, National Parks and NGOs. To drive innovation, the lead agency should also have a role in funding pilots and novel approaches, such as reverse auctions and direct commissioning of specific outcomes, in some instances devolving delivery to local partnerships. An agreed national framework should inform local delivery.
- 4.5. Link recommend that Government make future payments on a multi-annual contractual basis rather than via entitlements – buying outcomes, which the market does not provide. Interventions should be targeted to clearly defined objectives, with a proportionate approach to the control and verification of expenditure.

4.6. It is fundamental that Defra achieves coherence with other key sectoral policies such as trade, rural, food, environment, public access, public health and strategic planning and development processes, to improve the sustainability of farming and land management, and effectiveness of future policy. Government need to provide clarity on how this will be achieved.

5. The consultation indicates a transition period will be needed. How long should this last and what lessons can be learnt from previous implementation of agricultural policy?

5.3. Link welcomes Defra's proposal to phase out direct payments with a major refocusing of public support toward the delivery of public goods. Nonetheless, given the role, direct payments have played in farming incomes and the need to develop and design the new policy arrangements, Government must carefully manage the transition. The duration and nature of any transition will be critical in terms of securing a stable and successful transition for farm businesses, and future public goods focused policy.

5.4. Government must not kick the development of a new environmental land management support system into the long grass. It is important Government uses the Agriculture Bill to set out a pre-defined and time limited transition period, a clear statement of intent to put the environment at the heart of future policy and a clear timetable for its implementation. Providing farmers and land managers with the clarity they need to allow them to plan and adapt.

5.5. Assuming the UK exits the EU in March 2019, and taking into account the commitment in the consultation paper that the Government will pay the 2019 Basic Payment Scheme payments on the same basis they do now, Link proposes a five-year 'agricultural transition' falling into three phases:

- Phase 1 – Beginning of 2020 to end of 2021: use existing mechanisms and new primary powers to start the process of change. Start phasing out direct payments from 2020, reinvesting funding in pilots for all aspects of the new policy.
- Phase 2 – Start of 2022 to start of 2025: introduction of a new policy, and the end of the transition away from direct payments. All funding associated with direct payments to be fully transferred to the new policy.
- Phase 3 – 2025 onward: bed-in new policy arrangements as business as usual.

5.6. Government must learn lessons from the past to ensure the effective implementation of future farming and land management policy. The implementation of the Basic Payment Scheme and Countryside Stewardship has been poor. Unwieldy IT systems, mapping issues, poor or inconsistent guidance, disproportionate evidence requirements and a lack of administrative and advisory staff have all impacted delivery. Stakeholders have repeatedly called on Government to address these issues, but the Government response has been insufficient to address the scale of the problems. This is leading to disenfranchised farmers and land managers and in the case of Countryside Stewardship; it is a barrier to securing environmental outcomes. A future policy needs clear and consistent guidance, an appropriately resourced and expert delivery body, excellent advice, an effective IT system and proportionate evidence requirements.

6. In which areas should the Government seek agreement with the Devolved Institutions to ensure a common approach across the UK?

- 6.3. The CAP currently provides a common framework for policy across the UK. Establishing a new framework to maintain a degree of coherence within the UK will be essential to achieve sustainable management of shared natural resources and address transboundary objectives, such as climate change and biodiversity conservation, and ensure that the UK Government can meet its international obligations. The UK Government and devolved administrations must develop this new framework collaboratively and reach a consensus.
- 6.4. Defra is clear in the consultation paper that the proposals cover England only, but states that the UK Government expects to need legislative frameworks for the UK where 'commonality is essential', and looser, non-legislative arrangements where 'commonality is desirable'. It is not yet clear whether the environment is considered by Government to be 'essential' or 'desirable'.
- 6.5. Link regards the environment as 'essential' in the context of commonality of agriculture policies across the four countries of the UK, on the basis of two key factors relating to the Joint Ministerial Committee (EU Negotiations) (JMC(EN)) principles⁹. First, that agriculture and as such future farming and land management policies will be central to the UK Government's ability to meet international obligations relating to biodiversity, climate change and sustainable development. Second, many environmental factors do not respect national boundaries. Ensuring sustainable management of common resources, particularly biodiversity and water quality, will be essential in securing a common level of environmental ambition, and reducing the scope for one part of the UK to gain a short-term competitive advantage based on policies that encourage unsustainable use of natural resources.
- 6.6. Using this as a starting point, Link propose a framework for future farming and land management policies that is significantly less prescriptive than the CAP, and instead provides for environmental (and other) commonality based on three broad areas –
- A common understanding of the regulatory baseline for future payments
 - Common objectives for future policies, including a range of environmental objectives relating to biodiversity, water quality and climate change, amongst others
 - Mechanisms to ensure accountability, allowing citizens to hold the UK Government and devolved administrations to account
- 6.7. This collaborative framework would not prescribe policy design in the way that the CAP does, and would therefore meet the JMC(EN) agreement to significantly increase the decision-making powers of devolved administrations. To ensure accountability against common objectives, specifically environmental performance, it is important that this framework is legislated for, with the full involvement and consent of the devolved

⁹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/652285/Joint_Ministrial_Committee_communique.pdf

administrations in the drafting of all and any relevant clauses.

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