

Environment, Food and Rural Affairs Committee

Oral evidence: Environmental Land Management Scheme: Progress Update, HC 621

Tuesday 6 September 2022

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[Watch the meeting](#)

Members present: Sir Robert Goodwill (Chair); Kirsty Blackman; Ian Byrne; Rosie Duffield; Barry Gardiner; Mrs Sheryll Murray; Julian Sturdy; Derek Thomas.

Questions 1 - 90

Witnesses

I: George Dunn, CEO, Tenant Farmers Association; David Exwood, Vice President, National Farmers' Union; Susan Twining, Chief Land Use Policy Advisor, Country Land and Business Association.

II: Teresa Dent, CEO, Game and Wildlife Conservation Trust; Rosie Hails, Director of Nature and Science, National Trust; Tom Hind, CEO, North York Moors National Park Authority, National Parks England.

Written evidence from witnesses:

- [Tenant Farmers Association](#)
- [National Farmers' Union](#)
- [Country Land and Business Association](#)
- [Game and Wildlife Conservation Trust](#)

Examination of witnesses

Witnesses: George Dunn, David Exwood and Susan Twining.

Q1 Chair: Welcome to the first evidence session of the EFRA Select Committee, looking at the rollout of the ELM scheme. For those watching at home who may not know much about it, when we were members of the European Union, farmers got direct payments—the BPS or basic payment scheme. Given the freedom that we now have as a UK Government, largely from Michael Gove’s initiative when he was Secretary of State, we are moving over to paying farmers a similar amount of money—the thick end of £3 billion—but with environmental objectives and other public goods attached to that.

There is going to be a seven-year transition between all the money going as a basic payment to all the money being attached to various environmental schemes and other types of grant aid, which the Government would argue is a more intelligent way of delivering the money to farmers, and the public are getting something back for that.

Could I ask our three witnesses to introduce themselves briefly? We will then have some questions that will help explore that. I should perhaps declare that I am a member of the National Farmers’ Union and the Country Land and Business Association. Up until 1963, we would have qualified to be members of the Tenant Farmers Association, but our landlord, thankfully, sold us the farm. George, would you like to start off? You have been there a long time, haven’t you?

George Dunn: Thank you, Mr Chairman. Yes, I am the chief executive of the Tenant Farmers Association of England and Wales, and I have been there just over 25 years in that role.

Susan Twining: I am Susan Twining. I am the chief land use policy advisor at the Country Land and Business Association. We have a membership of owners of rural land business and property across England and Wales.

David Exwood: I am David Exwood. I am vice president of the National Farmers’ Union and a first-generation tenant farmer from Sussex.

Q2 Chair: I will start with David, if I may. Overall, how well do you think Defra has managed the rollout of the environmental land management scheme—ELMS—over the last nine months?

David Exwood: It has delivered the process as best it can. We have had certainty in the phaseout of BPS. That has been clear and ongoing. We have not had enough information on the development of ELMS—in particular, SFI—and this has created a problem: although Defra can see the full picture of what it is creating behind the scenes of SFI, the average farmer has no idea. A gap has been developed in policy between the certainty of the phase-out of BPS, which is happening, and the rollout of SFI, which is not fully there yet, and there are only initial details of



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that scheme available. That gap has come at a time when farmers are facing incredible volatility and huge inflation in their costs.

That gap in certainty between the phasing out of the old and development of the new has driven them towards countryside stewardship, away from food production, at a time of a global food crisis. With what it is doing and has done, Defra is doing the best that it can, I am sure, but the circumstances that have evolved in that time have left farmers facing some very difficult choices.

Q3 Chair: I should declare that I am in receipt of BPS payments and also ELMS money in a stewardship scheme. In the case of our farm, we are just about managing to backfill the cut in BPS with ELMS money, but we are starting to run out of obvious places to do that. Is that the situation for your members, David?

David Exwood: Yes, absolutely. In times of volatility, people go for certainty. They are certain that their BPS payments are being phased out, and so they are looking for certainty where they can find it. The risk of farming has gone up exponentially since the start of the Ukraine war. When you try to cover off that risk, you look for certain income, and that is why we have seen a big rise in applications for countryside stewardship. That is absolutely fine, but we need the certainty of what the SFI scheme can deliver, what it will look like and what the money will look like for farmers, so that they can engage with it. Until that time, they have to play safe. It is all timing and events, but yes, farmers are facing some extreme challenges and, at the moment, they do not have many answers.

Q4 Chair: Many of your members, David, are tenants as well as owner-occupiers, but I will come to George now, because there is the relationship between the landlord and the tenant, which in some of these situations may be a problem; it may not. What is your answer to the essay question of how the rollout is going?

George Dunn: Without repeating what David has said—there is much in what David has said that I would certainly agree with—we have had a focus, over the four years or so since health and harmony, on looking at access to schemes for tenant farmers and making sure that they are not dislocated by landlords wanting to take land back to go into schemes themselves.

It is true that the Government have got themselves into a position of understanding that they need to do something about that. The establishment of Baroness Kate Rock's tenancy working group is a major step forward in that respect. That work is ongoing and it will report in September. Hopefully, whoever finds themselves in Defra will pick that report up and there will be some easy wins in that document in terms of getting some traction for the tenanted sector. Similarly for commons, we have been saying for a long time that access to some of this stuff for



common graziers is difficult, and it is only latterly that Defra has got its act in order to begin to think about those issues.

We have been frustrated at the slowness of the pace against the reductions in the BPS payments that are clearly happening very quickly and very swiftly. It is also the way in which co-design has operated, which, in my view, has slowed things up rather than speeded things up. We are beginning to see some bread on the table now, with the three first standards for SFI and the pilots for LR—landscape recovery. We still do not have much at all on local nature recovery, so it is still work in progress.

Q5 Chair: Susan, I know that your members are some big estate owners, but there are quite a few small owner-occupiers in your organisation as well, are there not?

Susan Twining: Yes, that is right: 70% of our members have fewer than 500 acres, so we have members across the board. I would echo the same. There has been some really welcome progress to get the rollout of SFI started and the landscape recovery pilot underway, but it has been very limited. People are feeling slightly underwhelmed by it. That is the visible progress.

There has been a bit more progress behind the scenes, but it is just not necessarily relevant. There are notifications on the new SFI standards that are going to be coming out next year, but they are not feeling real yet, because they are not developed and they are not there. It is about pace and getting the information out there.

Similarly with the LNR, we are looking at a pilot running next year and then coming into full effect from 2024. It feels like there is still a lot of jam tomorrow. In terms of trying to make decisions in the round about the future of your business when there are a lot of challenges on your business, the lack of completeness of it makes it very difficult.

We are not arguing for getting SFI in early, because the original plan had been for nothing to come in until 2024. We are happy to see that SFI is coming in early, but the jury is still out on whether it is doing sufficient as a bridging scheme for most farmers.

There are some good things. There is the rolling application window, which may be why we are not seeing the number of applications flooding in that we might have done had there been a deadline. That is a really good thing. The flexibility that is being talked about is good. There is still a lot of hesitation about the schemes because these are all new concepts of flexibility and adaptation as you go, and so people are waiting and seeing.

During the summer, we ran a survey with Strutt & Parker to get a feel for what people are doing, and the reason that people gave for not going into SFI 2022 this year—this was during June and July—was mainly about the



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payment rates, about waiting to see if it was going to be a success and about waiting for more information. There is a lot of waiting and seeing, and so that is why there is an urgent need to get more information out in order to unlock that desire to get involved.

Chair: I suspect that being paid to use less fertiliser is something that might be quite attractive at the moment. Just for those watching at home, SFI is the sustainable farming incentive, which is stuff you can do on the land that you are farming as opposed to land that you take out to do other things. LNR is local nature recovery, which is what it says on the can, in effect.

Q6 **Mrs Murray:** Thank you for taking the time to come and see us. During our last inquiry, you were concerned about the timetable for BPS being reduced and the lack of information about what funding would replace that. Is that still your main concern?

George Dunn: We have always been very clear that we have been very concerned in terms of how this lands with our members. The pain of the change is very obvious, but the benefit of the change is not so obvious. We are only beginning, as my colleagues have been saying, to see some of that coming forward. We have a commitment so far only to the end of this current Parliament. We do not know what is going to happen beyond 2024. There is still, as David quite rightly said, a lot of uncertainty about that. Even though we have asked questions of Defra on that, the answer is that we have to wait until the next Government before we have that level of clarity.

That is not great in farming terms, when you are trying to plan your businesses for the long term and some of the stuff that you need to do from an environmental perspective will need buy-in for decades, not just two or four years. We need to have those plans firmly placed on the table to show us exactly what is going to happen next.

David Exwood: The timetable is one of the main issues. It is not the policy; it is the delivery of it and the timetable associated with it. We have had this very rigid and clear timetable for phasing out the old policy, and the phasing in of the new policy has not kept pace. Unfortunately, combined with what is happening in the realities of farm businesses on farm, this has created this problem. The concerns that were there last time are there, and events and the volatility that have come with it have just made the situation even more difficult.

Susan Twining: I would agree. At the beginning of the plan, all the organisations highlighted the risk of that drop in BPS by 2024, when payments will be down by 50%, and that lack of focus on what was happening in the middle. That is why the sustainable farming incentive was due to be brought in early. It has been, but we are still two years in and people going into it now will not get their first payment until 2023. The transition started in 2021, so we are already quite well through it,



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and that is only the first part of the sustainable farming incentive. There are still new standards waiting; once they come up, it may look better.

We must not ignore the fact that some of the productivity schemes have been out already as well, so we do need to look at this in the round. It is not looking just at environmental land management when it comes to supporting farmers. There have been other schemes, but they are not always available to everybody. It is not something that suits every business, so, alongside environmental land management, we need to look at what else can be done to support farming businesses adapt and become more profitable and productive.

Q7 Mrs Murray: Has the Department's performance over the last nine months affected how much confidence you have in the programme? It sounds to me as though you are perhaps looking for more clarity from the Department on how things are going to be moving forward, with perhaps a clearer timetable. Am I correct in that assumption? Do you have anything to add?

George Dunn: From our perspective, each of us will have direct contact with Janet Hughes, who is the programme director. We find her to be passionate, busy, involved and interested in doing stuff. I do not get the sense that there are a great deal of other eyes on the programme, either from a very senior management perspective or at the similar level to Janet. There needs to be a greater degree of ownership across the whole of Defra on this, because it is the keynote policy of the Department at the moment and it cannot all rest on Janet's shoulders. I know that there have been times where I have asked questions of senior managers within Defra, and it has all been passed back down to Janet. Janet cannot do everything, so we need some greater ownership across the piece within Defra.

Q8 Mrs Murray: Would that stretch to ministerial level as well?

George Dunn: Ministers have been very engaged. The Secretary of State and the farming Minister Victoria Prentis have both been very engaged in this process. The real problem comes at the upper echelons of Defra management.

Susan Twining: We have confidence to a degree. There have been quite a few things that have given us more confidence as time has gone on, such as the flexibility that was shown around the funding for the farming equipment and technology fund and being able to respond to demand. While the co-design has not been perfect, it has shown that they are willing to adapt, to change, to be flexible and to listen. That does help us to have confidence, but we would probably really like to see that speeding up a bit now. At some point, co-design has to stop, and it has to be designed and decisions taken. That would help a lot. In general, we are still behind the programme and we are certainly very supportive of the direction of travel.



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David Exwood: We do have confidence in the policy and the direction, but what we are seeing is the complexity of delivery. One of the problems with the sustainable farming scheme is that it is quite complex. Even if they wanted to speed it up, could they? There are potentially 25 standards to deliver. So far, we have three. You can see that a huge amount of work has been going on. They have clearly been working very hard on it, but to deliver the scheme in an effective and timely manner, and potentially to speed it up, is perhaps a problem. We do have confidence in it, but looking behind the scenes, you can see the problems and the challenges that they are facing.

Q9 **Chair:** As a quick supplementary, there is provision within the Agriculture Act to pause the process. I know that Minette Batters, your president, was very keen on that, David, but George Eustice said, "No, we must make progress and we must continue". Is that pause for one or two years still something that the NFU would be pushing for?

David Exwood: The NFU wants people to recognise the situation and to recognise the financial strain that businesses are under. If a pause was a solution to the situation that they are facing, that is perhaps something that could work, but it is something that needs industry support. If that is one way that we can address volatility and what is happening in farmers' business accounts and on their farms, then yes, we would support it.

Q10 **Barry Gardiner:** I want to focus on the sustainable farming incentive and really try to get your members' thoughts on what their experience has been like with the pilot. Before I do, could I just ask Mr Dunn to elaborate on what you said about what you saw as the problems with the higher echelons of the directorship in Defra?

George Dunn: It is only that, when we are engaged in discussions, stakeholder groups and the detail of the policy framework that we are dealing with, it is always Janet. Janet is phenomenal. Janet has great interest, great passion and great enthusiasm for this, but there are other bits of Defra that need to be involved in this. It cannot be just Janet who is shouldering this whole programme herself. There needs, in my view, to be a greater degree of involvement from the likes of the director general and the permanent secretary in this, given how important it is from a Defra perspective.

Q11 **Barry Gardiner:** So ownership across the board within Defra.

George Dunn: Yes, absolutely.

Q12 **Barry Gardiner:** That would be one of the recommendations that you would like to see this Committee make in its report.

George Dunn: That would certainly be something that I would like to see.

Q13 **Barry Gardiner:** It is really helpful to have that clarification. Thank you. Mr Exwood, the NFU, in its recent submission, seemed to think that the



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application process was going quite well, but you expressed concern about the way in which the understanding of the guidance was going to take time. This may relate to what the Chair was asking you about in terms of a need for a pause. Can you give us a sense of how much time you think that is going to take and what you see as the bottleneck here?

David Exwood: Some of the bottlenecks in the scheme are just the understanding of it. For example, this week you have been able to apply for SFI if you are already in countryside stewardship, so things are changing and happening all the time, but that, in itself, will need time and understanding from farmers—not huge amounts of time, but it is an evolving situation. The application window opened only earlier this summer, and new bits of it and new ways of applying are being delivered all the time.

When we can see the next release of the bulk of the standards, that is the point when most farmers will be able to look at SFI, understand what it means to them, understand the amounts of money that they can draw down from it, and then think about how they can adapt their businesses. That may be six or nine months. It is not a long time. It is not years and years. There is just a period of probably months, but a number of months, until we have a better understanding of where we are at and then also the release of the next phase of standards. That is the key bottleneck and timing.

Barry Gardiner: I want to pick up on something the CLA mentioned in its comments, Ms Twining. The CLA's written evidence to us has said that this pilot is all very well—I am paraphrasing—but you are giving people an extra £5,000 to gain the understanding, the payments are higher, and there are some people who are on the pilot scheme and may be quite enjoying it but are saying, "We do not think that we could afford to go on the proper scheme when it comes in, because it is not going to remunerate us to the same extent". What value a pilot scheme that is not replicating the real world that is going to come into force?

David Exwood: I have seen some evidence of farmers in the pilot scheme who enjoy it, think it is a success and welcome it, and are making it work. I have also seen some who are not. The pilot scheme, of course, has issues, but the signs are promising there. I believe in the scheme and its ability to deliver things. It is just that even a lot of pilot scheme farmers are a long way from really understanding how it is going to work, and that gives you an understanding of how difficult it is for everybody else.

Susan Twining: I would agree. Part of the problem with the pilot scheme is that the idea of the pilot scheme came in before SFI 2022 was agreed, so we had literally one year of the SFI pilot before the scheme was starting to get launched again, and there was limited learning time that could go on from that. Defra had to get SFI 2022 ready and launched before it had done all the learning that it could have done if it had been different.



We are not arguing against that, because the SFI being brought forward was a good thing in order to help bridge, so it is one of those things where you have to make the best of what you have. There will be lessons that will come through from the pilot, and it may be the disparity between what people are saying about whether they are interested in going into the real one or not, because there are lessons there. One of the issues that came up in our survey was the payment rates and whether they were sufficiently attractive, so there will be learning points from all of this.

Chair: We will be coming on to that.

Q14 **Barry Gardiner:** The payment rates are higher in the pilot scheme, are they not?

Susan Twining: That is right, yes.

George Dunn: We need to just remember that we are talking about transition here. We have a farming community that has been used to doing an annual declaration for a basic payment scheme in return for cross-compliance conditions. It has been in place for over a decade. They have understood it very well. They know what they are doing. RPA has got its act together, and it works.

Let us just be clear that there are plenty of people in the farming community who are doing the right thing by animal welfare, by the environment, by clean water and by clean air, and are being kept in business because they are getting the basic payment scheme. It is a blunt instrument—do not get me wrong—and we support the move to the new way of doing things, but we are in an age now where everything is done by blogs, by Twitter posts, by speeches and by little bits on the website. There is not a collective body of stuff that farmers can go to in order to really understand how this stuff works. We are talking to members who are saying, “Do I spend time on my tractor, doing the land work and looking after the environment, or do I have to sit in front of a computer screen to understand this stuff and see how it plays out?”

There is a great deal of extension work that is required here in order to ensure that people fully understand what is being asked of them and know that they can deliver it. At this stage, as David was saying, we have a number of narrow standards. When that becomes the full panoply, we will be in a difficult position. I well remember the environmentally sensitive areas scheme, and the way that that worked really well was having really dedicated project officers who would be evangelists for their scheme. They would go around the area, telling people about the scheme, how they can get in and what they can do about it, and that is, sadly, missing from this whole transition.

Q15 **Barry Gardiner:** You prompt me again to ask whether that would be a useful recommendation from this Committee to talk about the extension work and the education work that need to be done in order to get the



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smooth transition that we are talking about.

George Dunn: To my mind, you cannot rely upon blog posts and disparate bits of the website in order to inform farmers about what is happening. There needs to be a better look at extension.

Q16 **Barry Gardiner:** That is very helpful. While you mention BPS and that transition, how has the RPA been coping with the management of the basic payment scheme and the SFI?

George Dunn: The RPA has coped extremely well. I am used to coming before this Committee and telling you how the RPA has fouled things up, but no, to my mind, the systems are running very well. We have the advanced payments and they appeared within the window within which they said they would come. As people have been applying for SFI, they have been amazed at how easy it is to get in and run and do. You are in by the end of the application process, so I have no criticism of the RPA. It seems to be on the ball and doing what it needs to be doing.

Q17 **Barry Gardiner:** Ms Twining, if I can come back to you, you have done the survey work. Defra was originally looking for 1,000 agreements to be signed. It got 873 out of the 900 and whatever it was initial applicants. That tells me nothing. We know 873 farmers have signed. Are they tenant farmers? What sort of farm do they have? Is it an upland farm, an arable farm or a mixed farm? Has your survey shown that those who have signed up to the pilot are a sufficiently comprehensive and representative body of farmers as to make the conclusions that we draw from the pilot worthwhile?

Susan Twining: Our survey was of a different group of people. That was across anybody who could claim for any of the schemes, rather than focusing on the pilot. My understanding from the pilot is that there is a range. Defra would have the details of those farms and has shared some of that information. It feels confident that there is a sufficiently diverse range of people.

One of the concerns that we had was that there would be enough breadth of size and diversity of farming to really understand how it works on all farms. We are already seeing that there are some gaps in the early SFI standards, and that some people cannot enter into any of the early SFI standards because it does not suit their farm or it has not been developed. This is supposed to be a broad and shallow scheme that has something for everyone in it. We need to make sure that we hold that to account. There should be something for everyone. In the way it is developed, that co-design process needs to take account of how this would work on different farm types, sizes and systems.

Q18 **Barry Gardiner:** In this Committee's iteration with Defra, we need to encourage it to use it very much as a learning process and not as a scheme that it has to defend. Is that correct?



Susan Twining: Yes. I am always a bit cautious about continually learning, this continual co-design and continually changing, because one of the things that we would like is certainty, so that you can fix things, get an understanding and build that knowledge up from people who are going into the scheme. One thing that will really annoy people is changing everything every six months and thinking that what they did last year is not right anymore. There is a balance to be struck with that. Yes, learn, but make sure that the changes are impactful and not just changing for change's sake.

Q19 **Barry Gardiner:** Mr Deputy President of the NFU, what has been your experience of the breadth and comprehensiveness of your members who are engaged and have signed up?

David Exwood: The payment rates and the scheme, as it stands now, will be attracting those who are doing the work and the standards already. Inevitably, the numbers and the standards are out there, and the payment rates will attract those who are already doing it, because why would they not?

I would say, also in response to Susan's point, that the chances of SFI being delivered and rolled out correctly the first time round are remote. When you have a demand-led scheme—and the Department has been very clear that it will be demand-led—if it does not get it right, there will be no demand. Whilst we do not want it to constantly change, equally we need to recognise that it will need to adapt where there is lack of demand or evidence that things could be better. This is another part of the transition and the rollout of SFI—this ability to adapt it where it is not quite right—and that will take time.

Q20 **Barry Gardiner:** I have only one very last brief question, which probably would not brook a brief answer. Is the real problem here that we are making SFI payments—and we want them to be comprehensive to all farmers—because the price of food is simply not high enough? If we want people to farm in a sustainable way, we have to look at what the supermarkets have been doing in terms of driving down prices. We have to look at the cost of food.

Of course, that has huge implications for all the work that we are doing on a right to food, on hunger and on food banks in this country. It seems to me that what SFI is doing, to a certain extent, is to try to get people to farm in a more sustainable way, because the cost of farming in that sustainable way is not reflected in the price that supermarkets and people are prepared to pay for food. There is a real tension here, and I would just like your brief thoughts on that.

George Dunn: The \$64,000 question is how we can deliver high-quality, safe food produced to high standards of animal welfare, high standards of environment and high standards of clean water and clean air, at prices that producers can afford to produce it at but at prices that consumers can afford to pay. I am not here to sit in front of this Committee to say



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that consumers need to pay more for their food, because, for such a time as this, consumers are in a really difficult place.

We talked about the Agriculture Act just a few moments ago. There is a whole section in there on supply chain issues. We have seen very little action from the Government in relation to those supply chain issues. We have a consultation on the Groceries Code Adjudicator, which is potentially thinking about getting rid of it, when what we need to be doing is seeing how the supply chain can work more fairly to ensure that returns are spread more evenly across the supply chain.

Equally on trade deals, here we are talking about keeping standards high at home, and yet we are undercutting those by importing or allowing stuff to come in below those standards, which is not doing anything for our members' confidence that the Government have their back on these issues. Yes, there needs to be a look at this stuff, but it does not necessarily follow that consumers have to pay more.

Barry Gardiner: You have again given us good ammunition for recommendations that we can make in our report when you talk about the supermarkets adjudicator and so on. Thank you very much. That was very helpful.

Q21 **Kirsty Blackman:** I just have a follow-up on the issue about the lack of collated information that there is online, just for David and Susan. Would you agree that having some collated information on the Defra website, for example, that people can easily find, look through and work out what is going on and what they are eligible for would be helpful for people and reduce some of the uncertainty that they are feeling just now, even though we do not have all of the answers yet?

David Exwood: Yes, I would agree with that. In fairness to Defra, we have been discussing with it how we can fill this knowledge gap that is out there and how we can get out there and explain this to farmers and get people to engage with it. I would not want to criticise the Department too much, but yes, that would help.

Susan Twining: It cannot just be online. We need to be looking at lots of different ways of communicating. You may be coming to this later, but there is loads of information online and you can find it. We spend our days on my team answering members' questions, and we point them to the right bit of the website. It is finding it that is the problem. It is about that ease of access.

You cannot assume that everybody is online or that everybody is going to go and look. You need to feed it to them as well. There has been a very good booklet from Defra that has just gone out with a summary of the scheme, and that is going to help, but there needs to be more. It needs to be consistent and it needs to be repeated regularly. That is the key thing.

Chair: We will try to up the tempo. For the witnesses, by the way, if you



agree with your colleagues, do not be frightened to say, "Me too".

- Q22 **Ian Byrne:** I will go to George first on this. What are your views on the SFI standards? Defra published a consultation this year that said that farmers thought that the application process was too long and too complex, and the action for each standard needed to be clearer. Is that the feedback that you are getting?

George Dunn: As I said in answer to a previous question, our members have been quite surprised at how easy it has been to apply when they find themselves on the online portal and they can go through it. As David said, there are a lot of people who are already able to comply with the standards because they are doing that work anyway. By the way, that is a public good. We need to be supporting people who are doing the right thing by all of these things and as we try to move away from BPS.

People have been genuinely and happily surprised at the ease of access and the way in which it is operating, but we are at the very early stage of the rollout of these SFI standards. As David said, there are many more to come—14 in the next two and a bit years.

David Exwood: I want to agree with George. He is right. The rollout of what is coming is still not clear. Until farmers really can see what is available and how that will work for them, they will still struggle.

- Q23 **Ian Byrne:** That ties in with what Kirsty is talking about in terms of the communication element of the scheme as well.

David Exwood: It does, but again it is complex, so I am pleased that they have taken their time to roll it out and get it right as they have rolled it out, but until you can see that full picture—

- Q24 **Ian Byrne:** Are you and George being consulted on how to get that information to where it needs to go and an understanding of it? Are you playing an active role in that with Defra?

George Dunn: All three of us are in that respect.

- Q25 **Ian Byrne:** Are you happy with that?

George Dunn: Defra is really engaged. I cannot tell you the number of meetings that we all attend on this sort of stuff, but there is stacks of engagement going on.

David Exwood: Part of the problem is that Defra knows what is coming but the wider industry does not. It is quite proud of the baby that it is going to release, and perhaps rightly so, but until everybody else can see it, we are nowhere.

George Dunn: I have said previously that sometimes there is a risk that activity within Defra is progressed in terms of the scheme, and it does not always follow.

Ian Byrne: You have. I have heard that before.



Susan Twining: I would agree that the feedback on the application process has been very positive. Interestingly, in our survey, 20% said they had not applied because it was too complicated to apply for, which indicates that their fear is that it is going to be too complicated, because everything that we have heard back from people who have applied is that it is very straightforward and quick. Sometimes finding the information that you need to make the decisions is more complicated.

Q26 **Ian Byrne:** That is a fair point. I will stay with you for the second part of the question. Do the standards deliver additional environmental benefits that would not be delivered without this support?

Susan Twining: Each standard has three different levels, and as you go up the levels, then you would. As George said, all of these standards deliver for the environment. In terms of whether it is over and above what is already happening, the early entrants will be the ones who are already doing it. The transition is about encouraging more people to do more of the standards at higher level. Over time, we will see that. The design of the standards is important, and how they evolve over time will help to ensure that there is additional delivery going on.

Ian Byrne: I will bring you in there, David, because you are nodding away.

David Exwood: As a farmer, I am quite excited about some of the standards and what they will deliver. I will be very clear: they will deliver public goods that would not be delivered any other way. There are some exciting things. Does it cover enough? Does it cover net zero? Does it cover all the public goods? That is a good question, but yes, there are good things in there that would not be delivered any other way. We will not see the true potential of this to incentivise farms to do things and move in a direction that they would not otherwise until it is rolled out.

I would add, though, that, of course, when farmers are experiencing the volatility that I have talked about, that is all great and fine, but there are bigger things going on elsewhere that need to be considered alongside and that, as a policy, ELMS possibly does not touch.

George Dunn: As I said in answer to Mr Gardiner, there are farmers up and down the country who are managing soil carbon on behalf of society, and have done for generations and want to for generations, and managing soil biodiversity. None of that is being recompensed by the price that they are receiving through the processor or the retailer. If the public purse is not prepared to pay for that, who is going to pay for that public good? I am firmly of the opinion that these schemes will deliver the public goods that we need and, as the scheme ramps up, we will certainly see more of that come to the fore.

Ian Byrne: Thanks very much. That was quite an optimistic set of answers.

Chair: This is probably an appropriate time to have a shout-out to Paul



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Caldwell and the staff at the Rural Payments Agency, which this Committee has not always been complimentary about. I hope that, if they are watching, they have heard that they are doing their job rather well, encouragingly.

- Q27 **Rosie Duffield:** We have covered communication quite a bit, but that is the section that we are on in the inquiry. During the previous inquiry, we heard, particularly from the NFU, that the communication has been really poor and that you would have expected at this stage of the scheme that there would be 100% information out there. We have heard that the blogs are not a really good way. Have you seen—particularly the NFU—an improvement in the last nine months or since you last spoke to us about this? If that is not good enough, what should Defra be doing?

David Exwood: The communication has clearly stepped up a pace, mostly delivered through Janet Hughes. She has met most farmers in the country, which is a good thing. She has been great at communicating the detail, the scheme and the standards that are there now, but, of course, we are still waiting. The communication on what is available has been good, and you can evidence that by the number of people who have shown an interest in SFI and converted that into an application. Clearly, the communication as far as it goes is working, but, of course—and I keep saying this—we have not seen anything like enough communication on what is to come.

- Q28 **Rosie Duffield:** How about tenant farmers, though, who may not even be in an area where they get that brilliant reception on the internet? Are there local stakeholder meetings taking place or NFU reps who are able to get out to everybody remotely? That is easier said than done, is it not?

George Dunn: Yes, which is why I am old-school in that regard. You need to have feet on the ground in local areas to be evangelists for this initiative and this scheme. What is Natural England doing in this space? Is there a role here for Natural England to be more involved in that type of extension work on this? With the best will in the world, people do not have the time. You are expecting them to be head of their labour force, head of crop production, head of marketing, head of environment and all of these things, and they do not have time just to sit in front of a computer screen to do stuff, so I am all for feet on the ground on this.

- Q29 **Rosie Duffield:** I hear from my farmers that they are expected to just react to something the day that there is a new set of instructions given out. They are expected to react straightaway. If that is not even communicated, are they then in danger of breaking some new rule that they did not know about? Is that an issue?

David Exwood: Defra has set out to say, “We are going to do things differently in the future”. The previous European style of auditing and inspection is going to be done away with, and it is going to be a very different approach in the future. Do farmers really understand that yet? Probably not, but that is because they have not begun to engage with it and, as they do, they will be pleasantly surprised. I have confidence in



that and we do have evidence of that. Of course, that will bring problems of its own.

We are at such early stages of this and at the start of a journey. Because of the rolling application period, most farmers will not look at SFI until things get quieter in November or December, and we will probably see a much greater interest in that. That needs to be allied with much more information about the next round of standards coming out at that time, even if they are not open for application until sometime next year, so that farmers can make an informed decision.

Q30 Rosie Duffield: So if we ask you about this in six months' or a year's time, you would hope that everyone would be being reached in a better way.

George Dunn: Yes, absolutely. Let us not forget that this information about SFI is not the only information that our members are getting from Government, whether it is about TB, avian flu, air quality, farming rules for water or an inspection by the Environment Agency on something. Information is coming at them all the time through various routes, so it is picking through what is important for today as well as tomorrow that is the problem.

Susan Twining: Part of the challenge is that this is a really complex transition. There are over 19 schemes being phased out or phased in for various subjects. Some will be relevant and some will not. It is complicated, so it is a huge challenge to convey it properly. It will only build up over time.

The new future farm resilience fund is just rolling out to another round, and more emphasis on and promotion of that would allow people to access free advice. There is also the paid-for advisory sector that may well be useful in getting information out to people, but there is a programme that will give free advice to help people understand the impacts of the transition on their business.

Q31 Mrs Murray: My question is specifically to George. You previously raised concerns that ELMS would not be easily accessible for tenanted farms, given the challenge that they faced with accessing the previous environmental scheme. Does what you have seen of the SFI scheme so far address those concerns, or is it addressing those concerns?

George Dunn: In respect of SFI, I can say that Defra did listen and did ensure that the scheme that it put in place was as accessible as it could be to the tenanted sector of agriculture, particularly in the way in which the standards have been targeted, in the way in which they have set out who the eligible applicant for the scheme is, and in the flexibility over timescales—three years, with the ability to make changes on an annual basis. I can absolutely say that SFI has had a rigorous look at it from a tenant perspective.



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Our real concern is what happens next, and Defra understands this. We are at the ground level at the moment of this scheme and, as we add standards and move into LNR and LR, we will have severe difficulties in terms of the tenanted sector, particularly for those who are on farm business tenancies, which are some of the shortest tenancies in existence, with some of the most restrictive terms. These are people who cannot plant trees or do anything beyond agriculture in terms of the lease agreement. There is a lot more to come.

We are really pleased that the Government put in place Baroness Rock's tenancy working group. As a member of that group, I have signed an NDA, so I cannot say too much about it, but I can say that it is going to come forward with a really good set of recommendations in terms of how the tenanted sector can engage with this scheme and not feel left out. It is really important that whoever sits in the Defra chair as Secretary of State—because this was a Secretary of State-inspired report—takes that on board, because there are some easy wins here for the tenanted sector that would really drive the way in which ELM can play into the tenanted sector.

We are not there yet, but the report that Baroness Rock's committee is putting forward will, I am sure, have the answers that we need. We just need Defra to pick them up and run with them.

Chair: I am meeting with Baroness Rock, and one of the reasons why you are here, George, is because she recommended that the tenanted sector has different issues to some of the others. Julian, you might want to declare that you are a farmer as well. I have to do that at the beginning, just for the record.

Q32 Julian Sturdy: Thank you, Chair. I draw members to my declaration of interests. I do have a farming business, like the Chair. If I can just move to payment rates, are the payment rates being offered by the SFI sufficient for Defra to meet its uptake targets?

David Exwood: The issue is that, when you look at the initial payment rates—the £20-odd per hectare—they do not look very attractive. Many farmers will look at it and say, "Am I going to change my farming business? Am I going to deliver public goods? Am I going to change my farming system for those levels of money?" Many have said to me that no, they will not.

Of course, the reality is that, when you look at SFI when it is rolled out as a whole, there will be many more standards and much more money that they can deliver down. When you see the entirety of the scheme, it is entirely possible that the payment rates will be appropriate and come to significant amounts of money that many will feel happy to engage with.

It is easy to criticise the initial payment rates, and I know that many farmers have, and have been initially turned away from SFI, because they have looked at that and said, "It is not for me and it not



worthwhile". This is one of the problems about delivering it piecemeal. They have been very careful to deliver it gradually and what they know they can deliver, so the RPA can get it right. The consequence of that is that people have been turned away initially and they have not been able to see the whole picture. Whilst it is easy to criticise the initial payment rates and the standards that are available, from the pilot schemes that I have seen, when you see the bigger picture, it may look considerably different, but, of course, we do not know those payment rates. I can see many standards that I, as a farmer, would like to engage in, but I have no idea what they are going to pay me at the moment and no idea whether that will ultimately be an attractive choice.

Tenants have to pay the rent. They are as financially exposed as anyone in farming, and so, again, you go for the certainty and you try to eliminate the risk. It is very hard for them to decide on this at the moment. At the moment, they are not engaging.

George Dunn: I have been on record as saying that there is a great gulf between aspiration and reality at the moment, but we are at the bottom of the escalator. People need to start understanding that we are going to see this thing ramp up over time. Without repeating what we said earlier, there is a lot of information that needs to be given out to encourage people that the journey is worth making, and we are certainly encouraging our members to engage as much as they possibly can.

Susan Twining: It is going to be something that Defra will need to keep under constant review. We have seen the difference that has been made to countryside stewardship with the uplift in prices across the board. Not everything went up, but we have had an enormous increase in countryside stewardship applications over the last couple of years.

The context has also changed around it, and that is something that will happen with SFI too. As BPS payments go down and there are other changes around the industry, some of the SFI payment rates—we do not know what they are yet—may look more attractive, so we are really into unknown territory as to what they are. The main thing is that they need to be kept under review and a system achieved where you can review them regularly and it is demand-led. If the prices are not right, they need to change, and they need to be able to do that flexibly. Doing it once every three years in a spending review is possibly not going to be enough to be a responsive system to people going into the schemes.

Q33 **Julian Sturdy:** That is a really good point. The message is that it has to be responsive and reactive to where we are, because we know that we are in extremely uncertain times at the moment within the sector, where we are seeing very volatile prices and people trying to make decisions on the back of it. Given the current volatility within the sector, is that hindering things a little at the moment?

David Exwood: Yes. When you are experiencing input inflation rates of 25% or more, you are seeing huge volatility in the price of what you



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receive for what you grow and produce, and you are setting that against the initial SFI, you are probably going to look elsewhere for certainty.

George Dunn: That is why we need to see a little bit more activity on the other bits of the transition plan. Where is the work on the exceptional market conditions interventions that are set out in sections 20 and 21 of the Agriculture Act? What is happening on food security and how is that being ramped up following the Dimpleby report and the response to that? As I said earlier, where is the supply chain stuff? How is that playing through? We cannot hang everything on ELM. ELM is not the only policy that is going to help us through this current issue. There is a whole raft of Government attention on this that needs to be brought to bear and which is not being at the moment.

Chair: We are doing a report on food security as well, and there is quite a lot of read-across between the two, particularly if we are taking land out of production for a long time—things like forestry.

Q34 **Derek Thomas:** This is a bit hypothetical, but can I take you back to before the energy crisis and before Covid to when Government stood up and talked about public money for public good? At the time, a lot of farmers responded positively to it and could see the sense in it, as did the broader public. At the same time, lots of farmers have been saying to me, ever since I first stood for election, that they would love to get to a place where they did not have to have any support from Government.

What is needed now? I do not want to talk about the crisis at the moment, because I have a question later on that. Right now, is ELM enough and can farmers remain viable, if we just took ourselves back to that time? Does that make any sense? Are we going to lose lots of farms if we do not do something quite quickly in addition to ELMS? I do not really want to touch on the crisis, because that is slightly different.

David Exwood: Many farmers would like to farm without Government support. Whether they are able to will be down to their business skills and their farming ability. Many farmers have said to me that, after a period of EU rules, they wish to be free of that, so we must recognise that. Many will feel that way, but SFI and ELMS are all about delivering for public goods where the market does not, so the success of that scheme will live or die on its payment rates and its attractiveness to farmers.

The scale of what is happening at the moment overrides everything else. I know that you did not want to talk about that, but the problem is that, for many farmers, BPS has been a lifeline and we are taking that away. The market may or may not deliver something in its place, and SFI may or may not deliver something in its place. Inevitably, that level of uncertainty and the transition that we are talking about will affect many businesses.

Q35 **Derek Thomas:** That helps a lot. What I am trying to get at is, if we were not where we are now today, if we were back pre-Covid, with ELMS



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paying for public goods that business could not, we probably could have got away with that and farmers would have found a way to make that viable. That is my understanding.

Susan, I am going to pick on you slightly because you said that we should not always go round the houses learning stuff, or you hinted at that. I am definitely misquoting you. Are there things that we can learn from how the devolved Administrations are handing out support to farmers? They are taking a slightly different approach to the farm support in England. Are there things that we can learn from the devolved nations?

Susan Twining: Yes, of course, and we always need to be learning. It is about how you make the decisions and then implement it that is the key to making sure that people are not changing all the time.

Can I just come back to the previous point about farming viability? I will then answer the devolved question. You need to distinguish between farming viability—the farming enterprise on farms—and farm viability. Many farms will remain viable because they will be doing other things. They will be doing tourist businesses alongside. We have a real issue around farming profitability that we should not completely ignore. That is why we need to be investing in the industry. There are programmes to help that, but we know that there are certain sectors where profitability of the farming enterprise is not good without BPS, and that will drive change. Whether it will affect farm business viability will depend on how they are structured, so we just need to distinguish on that one.

On the point about the devolved Administrations, I do not have the details of the Scottish one, but we cover Wales. We have been looking very closely at the developments in Wales. The differences appear to be a greater degree of support for resilience, which is something that we do need to keep a view on. It is about looking at how they are evolving. Most of them are going in the same direction as English policy. If you look at Europe as well, they are going in the same direction—maybe not as far and as fast, but they are going in that direction because it is recognised that things need to change. One of the problems with the common agriculture policy was that it did not allow much movement away from the central theme.

There are certainly learning points. They are on a very different timetable, so it is very difficult to know how these are all going to come together. We are now a single UK market and we need to ensure that, if there are differences and divergence in policies in these other areas, they are not disrupting our internal market and causing difficulties.

Q36 **Derek Thomas:** David, I apologise to you because I did give you a nightmare question to answer. The landscape has changed so much in the last two or three years before we intended ELMS and public money for public good. Does ELMS now just need to be adjusted to almost park up what we hoped to achieve and just to respond to the cost of energy and all the other rising costs, and to the need to get food on people's



tables—particularly good-quality food—in the UK? There is an ethical question about how much food we import from countries that badly need food, and particularly the grain issue. Should we just park up stuff and inject cash into farmers to produce food?

David Exwood: We need to recognise that the current situation is driving people away from food production. We ignore that at our peril. Government policy needs to recognise the challenges facing farmers and do something to help them. Otherwise, the amount of food they produce will continue to decline.

George Dunn: We cannot ask ELM to do everything. ELM is there for a specific purpose, which is the public goods around environment, climate, biodiversity, clean water and clean air. The Government have many other levers at their disposal to use on things like emergency intervention in markets, which, for such a time as this, they should be thinking about. There is what they are doing on the labour supply issues, which this Committee has had a great interest in. We have that review coming forward. There are the supply chain issues. I will not repeat myself. There is an awful lot more that the Government can do, in terms of levers. ELM is not going to get us out of this crisis. ELM is going to do what you said it was going to do, which is to provide that non-marketed benefit that the public wants to see from farms. It is not going to get us through this current crisis. We need other Government levers to be in play.

Q37 **Derek Thomas:** We need a supercharging of food production, as we are seeing with energy.

George Dunn: Within the Agriculture Act, we have productivity. The Government can spend money on productivity. As Susan said, some productivity funding has been rolled out. How do we supercharge the productivity side of funding to get things moving more quickly? How do we deal with those emergency interventions when markets are askew, which they are at the moment? The Government said they would intervene in times like this, when there were economic issues. There is very little going on at the moment in that respect from the farming perspective. There is the labour stuff, which, as I say, this Committee has looked at. Let us not think ELM is going to be our saviour. It is not.

Susan Twining: There are lots of others. In planning policy, people cannot get planning. There is tax and rural connectivity. All will help drive productivity, but they are all policies that need to be tackled at the same time.

David Exwood: Further to that, rather than expecting ELM to provide the solution, it is actually causing a problem. You have the gap created in the current policy driving people towards the certainty of countryside stewardship. It is actually harming food production. It is taking acres out of food production, because people are going for the certainty of what is available right now.



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Derek Thomas: That is the big challenge.

Q38 **Chair:** We just touched on the situation in Scotland. I met with Martin Kennedy, the president of the Scottish farmers' union. I know it is not quite as simple as this, but they are basically only going on to 50% transition to an ELM-type scheme and the remaining payments will be direct payments, although I think there are cross-compliance strings attached, etc. That is a different approach they are taking in Scotland.

David Exwood: Yes, exactly. They have mixed the policy. They have retained an element of a volatility payment, of a consistent payment, with a menu of options for delivering the public good. Yes, they have effectively blended the two policies.

Q39 **Chair:** You do not think that might have worked here.

David Exwood: I am not going to recommend that a Scottish policy should work in England, but I would encourage everybody to look at it. It is having this broad approach. The NFU has always talked about the three elements of volatility, productivity and environment. We think Government policy should address all three of those. Maybe it cannot all be done through one scheme, such as ELMS.

Q40 **Barry Gardiner:** I wanted to focus on the local nature recovery and the landscape recovery schemes and simply ask how your members see them replacing the countryside stewardship scheme. To try to hone down the question a little further, you have to be part of the SFI to take part in the local nature recovery schemes. Is that right? Should that be a requirement, a preliminary requirement, a sine qua non of taking part in it? There may be some people who would actually wish to partake simply of the local nature recovery scheme and not be part of SFI, even though it is supposed to be a comprehensive and inclusive scheme.

David Exwood: One issue here is the scheme should be open to all as much as possible. One of the things we have not touched on with SFI is its ability to be open to all across all farming systems. Flexibility in approach is really key. That is a key issue across all three of the schemes, so I welcome that. In terms of LNR, the question is what LNR is going to deliver that the countryside stewardship is not. That is a question that is still not clear.

Susan Twining: LNR is probably going to be one of the core policies. Countryside stewardship has already seen a lot more applications, as I said earlier, and I think LNR will take that on. That is going to be one of the core policies for delivering some of the environmental benefits that Defra is looking for across a whole range of targets. It is going to be quite a key part of most farms, I would think. Already, we are reaching almost 40,000 farms now that have countryside stewardship or some sort of agri-environment scheme. We expect that to continue to go up over time a little bit more.



It is going to be a hugely important scheme and it will be the one that is going to be most popular. When you look at landscape recovery, that is a completely different ballgame: long term, large scale. For the majority, local nature recovery is going to be the main access to that wider environmental delivery that is not necessarily related to farming. Whether you want to expand that so that it can be done at 25% of the farm and not take SFI is something that needs to be thought through. I was not actually aware that there was a requirement to be an SFI to get into LNR. There should be choices. We would certainly advocate a choice on that one.

George Dunn: I entirely agree with Susan on all of that, so I would not say anything more.

- Q41 **Barry Gardiner:** All three are saying, "Let us have flexibility and not make it mandatory to be part of SFI". That would be your recommendation for the Committee. Thank you. I wanted to focus on landscape recovery briefly, because originally, of the £2.4 billion that was to be spread between the two schemes, the landscape recovery and the local nature recovery, it was going to be split 50/50. In the end, landscape recovery got £50 million and local nature recovery got £1.9 billion. Is that the right split of the cash?

George Dunn: Absolutely, yes. The original plan that Government postulated was a third/a third/a third for SFI, LNR and LR. When you are targeting only up to 5% of the land going into landscape recovery, why should it have a third of the budget for that? That is the one we are worried about the most from a tenanted perspective. We think that there are a lot of vanity projects being stacked up for LR, in terms of rewilding and tree planting in inappropriate parts of the country that will not deliver that much for the environment and in fact could actually reverse things in terms of carbon when you are planting up grassland with trees, for example.

Landscape recovery is the one that worries us the most. We have the 21 pilots that have just been launched and we need to see how they play out. We are talking about the farmed landscape here and most of the money must be earmarked for the farmed landscape, not the landscape that is not farmed.

- Q42 **Barry Gardiner:** Let me push back at you a little here. That would be to say, given that these are at landscape scale, they are obviously much more difficult to achieve, because of the very nature of the scale, which is 500 to 5,000 hectares we are talking about. You do not think that would require substantial funding to be able to achieve that.

George Dunn: In comparison to the benefit that you are attempting to create within the farm landscape, the answer is no, because you are focusing on a very small area with schemes, to my mind, which are not necessarily going to deliver the benefits that you think they are going to



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deliver over that timescale. You will be not dealing with things like offshoring of carbon issues, offshoring of biodiversity and water issues.

- Q43 **Barry Gardiner:** That slightly goes against the Lawton review though—bigger, better and more joined up. Surely that is the whole purpose of the landscape scale recovery: that it is bigger, better and more joined up. I listened carefully to what you are saying about vanity projects and inappropriate planting. Again, I suspect you would wish this Committee to be making recommendations to keep a very close eye on such.

George Dunn: Yes, and we are also concerned massively about the dislocation of tenant farmers in that process. It is one of the areas where we are seeing landlords pulling land back from the rented market in order to put themselves into pole position to take advantage of some of these schemes going forward.

I know you have the National Trust coming afterwards. One of the LR pilots is on Holnicote Estate, which is about river catchments. I assume all the money has gone to the National Trust. We do not know how any of that money is going to be filtered down to the tenant farmers just yet. Our view is that that should have been a joint pilot between the National Trust and the tenant farmers, rather than just the National Trust. We need to learn how this plays through. Bear in mind the Government have a public policy of saying they do not want to see the area of tenanted land reduce, so that is a public policy as well as the development of environmental improvement.

- Q44 **Barry Gardiner:** To pursue this slightly, this has also been the feature of the local nature recovery schemes as well, has it not? Because they are being, in many cases, bundled in with the local authority local nature recovery strategies, we are getting boards that actually have no farmers sitting on them.

George Dunn: There is a misunderstanding and a mix-up between local nature recovery and those strategies that you are talking about. Susan was rightly saying that it looks like we are moving towards a countryside stewardship-plus option for local nature recovery. Just recently, we were told that the England woodland creation offer was going to be within local nature recovery, which was never intended; that was always going to be part of landscape recovery.

Although we have assurances—we were talking about this before we came in—that is just about how it is delivered, not the budget. How do we know that the budget is not going to be hived off into that tree planting aspect as well? There are some issues around that as well.

- Q45 **Barry Gardiner:** Can I have a quick yes or no from the three of you? Is the LNR scheme going to provide anything significantly over and above countryside stewardship?

George Dunn: We hope it will.



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Susan Twining: We hope it will, but we do not know.

David Exwood: It could, but I am not sure.

Barry Gardiner: Okay, so it is a “do not know” from all of you. There is a lack of certainty.

Susan Twining: The budget of the landscape recovery is a very good question. We are advocating that 90% should go to sustainable farming incentive and local nature recovery and up to 10% on landscape recovery, partly because there is much more potential for leveraging private sector funding into these landscape-scale projects. It would be a much better use of public funding to seed-fund larger projects that would get the private sector funding coming into them, and they are mainly interested in these larger scale projects. That is why you need to be quite careful about not just thinking in terms of the ELMS budget. There is blended finance potential if we can design them in a way that that can happen.

Q46 **Barry Gardiner:** Is that for landscape recovery?

Susan Twining: That is for landscape recovery, yes.

Barry Gardiner: It is to try to use the scheme to bring in private sector funding.

David Exwood: This is a blended point. In terms of local nature recovery and to your previous question about whether you have to be an SFI applicant to join it, one of the points we have always been very clear on is that it should be the farmer, the land occupier, who applies, to keep that money in the farm landscape. One of the dangers of all this is, if we make it too flexible, to your previous question, money will leak away out of farming and out of the farm landscape and be used to supplement other budgets.

To then move on to landscape recovery, to LR, I am somebody who is in an LR pilot and a tenant. We need to keep a very close eye on the public value of those schemes, what they are actually delivering and the complexity of them. As somebody who is part of one, I have a great deal of concern about what that is going to deliver for the public and the value of it.

Q47 **Barry Gardiner:** Who is going to monitor it and who is going to make the decisions that say whether they are achieving what they are supposed to? Where is the monitoring, enforcement and bottom line here?

David Exwood: That is a great question. The danger is that actually it will be quietly used to support vanity projects. The absolute scrutiny and rigour of LR is vital.

Q48 **Barry Gardiner:** Where is the quality control? That is what I am asking.



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George Dunn: We are not sure. Defra is marking its own homework in that respect.

Q49 **Barry Gardiner:** Should there be another recommendation from this Committee to be much more clear about where quality control lies and who has the ability to say this project is not achieving the sustainability value?

David Exwood: Who would that be?

George Dunn: It could be the NAO, for example. The National Audit Office could look at that. It is not just that it is not delivering, but it is also causing other externalities in terms of the way in which the bubble is squeezed and impacts other areas.

Q50 **Barry Gardiner:** I am not proposing this but I am just asking you: if Natural England did not have half of the funding that it used to have, would it be an appropriate body able to do that?

George Dunn: I would not say that is a job for Natural England in this respect, no. It needs to be a much more hardnosed organisation like NAO.

David Exwood: That is coming from one side of the argument.

Q51 **Barry Gardiner:** What about the Office for Environmental Protection?

George Dunn: I am not sure it would have the skillset to do this work.

Q52 **Barry Gardiner:** It is a really open question as to where the quality control is or could lie.

George Dunn: In a former life, I was responsible for assisting Government in putting together socioeconomic analysis of Government schemes, back in the late 1980s and early 1990s, when we used universities to do that work. Maybe there is a role there to bring in some academic rigour to the way in which these things are delivering.

Q53 **Barry Gardiner:** We should be asking for clarity.

George Dunn: Yes, absolutely, 100%.

Q54 **Chair:** I have one final point. I had a meeting on Friday with the NFU's environment forum or board in North Yorkshire and the north-east.

David Exwood: With Richard Bramley.

Q55 **Chair:** Yes, exactly. One of the points that was raised after the meeting in informal conversation was that some of the penalties seem to bear no relationship to the mistakes made. I was given the case of a sprayer operator who turned a bit wide and his spray boom had sprayed round upon a bit of a margin, but he was disqualified for quite a few thousand pounds. Is there a worry that farmers will be put off from the schemes because they worry that, if they make a simple mistake, they could end up basically not getting the money and having expended the money to do



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these things and to sacrifice land for them?

David Exwood: This comes back to the risk-reward. Obviously we have been operating under EU rules, where there was pretty much an automatic 3% penalty for anything that was done wrong. I am going to say that Defra has been really clear that we are not going to be operating under that any more. I am convinced of that and I am positive about that. This, again, comes back to the job of communication, of making farmers understand and comfortable that, when they join an SFI scheme or one of the new future ELM schemes, it will be very different rules. I do not think that that example you used will be part of the future schemes. They have been very clear on that. I hope they are right. I am sure they are right, but they need to communicate that loud and clear.

Chair: Thank you very much indeed to the panel. I appreciate you coming to give evidence and we will now move on to our second panel. Thank you very much.

Examination of witnesses

Witnesses: Professor Rosie Hails, Teresa Dent and Tom Hind.

Q56 **Chair:** Good afternoon. I should welcome our three witnesses and declare an interest. I am a trustee of the Game and Wildlife Conservation Trust and I have a big slice of the North York Moors National Park in my constituency; I know Tom very well. Welcome to all our guests. Could I ask you to briefly introduce yourselves?

Professor Hails: Hello. I am Professor Rosie Hails. I am a scientist and I am the director of nature and science for the National Trust.

Tom Hind: I am Tom Hind. I am the chief executive at the North York Moors National Park Authority. I am here representing the English national parks. Along with the 34 AONBs, we are also delivering the farming in protected landscapes programme, which is probably the first post-Brexit agricultural policy here in England.

Teresa Dent: I am Teresa Dent. I am chief executive of the Game and Wildlife Conservation Trust. Originally in my career I spent 20 years in farming and I am just about to have spent 20 years in conservation.

Q57 **Chair:** You are primarily a research organisation.

Teresa Dent: We are a research organisation, but we also give advice and take our research into practice and policy.

Q58 **Chair:** We all know about the National Trust. Overall, how well do you think Defra has managed the rollout of the ELM scheme over the last nine months?

Professor Hails: I would very much agree with some of the comments that were made by the previous panel. We very much support the policy, the concept of public money for public goods, but we agree that there are



issues with the timetable of delivery. The pace of rolling out ELMS has been slow and piecemeal. That has been bad for farm business, but we would not think that the solution is to pause the rollout. We think that could create further confusion and uncertainty. We think the solution is to increase the pace of transition, because we know there is a lot of work going on behind the scenes, but we also know that is not visible to most farm businesses.

Tom Hind: We have to look at this in the context of probably the single biggest generational change in the way that agricultural policy works in this country, at least in England, and therefore getting it right is likely to take some time. We are three or four years down the process of transition and have another five or six years to come, as BPS is unwound.

Progress is being made. It is clear, as we heard from the previous session, that Defra has been putting in quite a concerted effort around communication and trying to get that communication right. That will always be a challenge, particularly in the farming community that I know very well. Some progress is being made. Whether that is moving quickly enough, with enough clarity and certainty, is debatable, but other panellists have already drawn attention to that.

Teresa Dent: I agreed with a lot of what the first witnesses were saying. We are pleased to see reassurances from Defra that its schemes are going to reward the provision of good habitat that is already out there in the countryside. The first rule of conservation is to protect and maintain what you have, so I was very pleased to see those reassurances in its response.

We are concerned about the complexity of SFI. That was echoed in a lot of the earlier comments. Perhaps later in this conversation I would like to suggest some scope we think there might be for simplification.

We like the co-design process and congratulate Defra very strongly on engaging in it, but I suspect it is slowing things down, so pace, as you say, is very important. There is still a lot of uncertainty about the higher levels of the scheme, particularly local nature recovery, which, for us, is where we see most of the farmers that we work with taking the most advantage out of the future schemes.

Q59 **Chair:** Tom, if I spoke to farmers, or particularly to tourists or visitors to the North York Moors National Park and said, "What would you like to change?", they would say, "Absolutely nothing". A lot of the schemes that we talked about with the first panel are about incentivising farmers to do things differently. Do you think that the ELM scheme can actually deliver in the areas where we do not want farmers to do anything any different from what they have been doing for the last 10 generations?

Tom Hind: It is an interesting question. There remains a challenge on the need for the country at large, and particularly those parts of the country like protected landscapes, including national parks, to do our



absolute utmost to work as hard as we can for nature. We have to recognise that, with the background noise of climate change, some degree of landscape-scale change, in order to ensure that we have resilient habitats, is absolutely essential. Even in the North York Moors, there will be an encouragement on farmers and landowners to gradually develop a process of change, yes, while always protecting what we call the special qualities of each individual national park.

I still believe that, within a programme like ELMS, there is the opportunity to ensure that farmers are rewarded and incentivised for doing the right thing by nature, which we see as being really important. At the end of the day, national park authorities have very little control over what happens in terms of land management. It all depends on farmers and landowners working as partners in aspiration with us. A tool like ELMS is absolutely vital and indispensable for encouraging and incentivising them to do the right thing. If that is continuing to protect habitats, historical features or archaeological features and sustain communities, as it is now, great. Also, it will be about some degree of change as well, as time goes by.

- Q60 **Chair:** Rosie, some schemes can be delivered at farm level, but some of the schemes—I suspect ones that the National Trust would be keen to promote—are over a whole landscape, a catchment area or a large area of land that the Trust controls, for example. Do you think there is enough information for farmers to reassure them that they can participate in these schemes that go beyond just one farm? Could there be problems if a particular farmer in a pivotal bit of land decides not to co-operate? Could that stymie the whole scheme?

Professor Hails: There are parallels here with countryside stewardship, are there not? The way we have operated in the past is that sometimes farmers have not really been willing or able to be engaged in countryside stewardship schemes because they do not have the money to do the upfront investment. Quite often it involves capital works upfront, which then get reimbursed later. Those have been the sorts of circumstances in which we might have entered into a countryside stewardship agreement and then contracted farmers to deliver some of that, using that money on our behalf.

- Q61 **Chair:** Is that just within your own estate, or would you be looking to extend beyond the land of the trust?

Professor Hails: We tend to do that with our own tenants. The landscape recovery schemes of course allow working in partnership. We also work in partnership with other landowners in many areas to deliver things across a wider landscape. We have aspirations for habitat restoration, not just on our own land but also working with partners on other land as well, where appropriate.

Chair: That is very helpful.



Q62 **Derek Thomas:** We are jumping the gun a bit, because I am having to shoot off. I am a bit of a fan of the nature recovery in Cornwall. I am a west Cornwall MP. I would be interested to know your view on whether goals that Defra has set for the local nature recovery scheme are set at the right level of ambition. They may even match your ambition. What do you think should be Defra's priorities as it further develops and pilots its local nature recovery strategy?

Professor Hails: We only know what Defra's goals are for local nature recovery at quite a high level. It has aspirations that this will deliver woodland creation, peatland restoration, habitat creation and natural flood management. At that high level, that is great, but it needs to be a more ambitious successor to countryside stewardship than countryside stewardship has been. It needs to contribute to all those different aspects. We have yet to see the detail behind that.

We have five things that we would like it to do. It needs to be spatially targeted, so that it targets the opportunities that have most potential to deliver for nature. There is a lot of work that has gone on behind the scenes that can inform that. I believe that Defra is working in that direction.

It should reference local nature recovery strategies to inform the scoring criteria because ELM could be a significant source of funding for some of those local nature recovery strategies. As the previous panel mentioned, it should have built in flexibility to allow management to be tailored to deliver priorities in a local context. Also, clear, well-funded advice needs to be part of this, rather than just leaving that advice to private suppliers.

Finally, there needs to be proper support for administration of the scheme, because the capacity of arm's-length bodies to actually process applications can be limiting. At the moment, some farmers in higher HLS agreements are only able to transition across to mid-tier countryside stewardship, just because there is a lack of ALB resource to administer the higher tier agreements. Quite often, they are stuck with existing agreements and they have not benefitted from the recent payment uplift as a result and so we risk losing them altogether from these sorts of schemes. Also, we should be planning to scale up from the planned 500 applications to enable more farmers to join sooner.

Q63 **Derek Thomas:** You are an expert on this, but I get the impression from Cornwall Council that it is quite engaged in developing its local nature recovery plan for the country, the duchy. Is that true of other local authorities and are the National Trust and other large landowners not engaged or not sat at the table as part of that process? Is that part of the problem?

Professor Hails: I do not think I have really good insight into what many of the local authorities are doing, to be honest. In some ways, this is a new thing for many of them. Some of them are very engaged and others are not. They simply do not have the expertise.



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- Q64 **Derek Thomas:** I completely accept that. There is the high-level bit you started with, and I absolutely agree with the 30% by 2030, et cetera. I would imagine that, at a local authority level, there is much more detail and understanding about what can be achieved than we may be aware of.

Professor Hails: In some cases, yes, but only in some cases.

- Q65 **Derek Thomas:** Teresa, you made a really positive comment about how you are reassured that people who have already been doing a good job will continue to be supported. Do you think nature recovery plans can actually put at risk those areas that have already done quite good jobs of developing biodiversity and protecting?

Teresa Dent: There is a risk that those farmers who have done really good habitat provision and biodiversity work in the past end up being rewarded less, as a result of some of the current opportunities, than those who have not done as much. I know a lot of farmers who are quite concerned about it. It feels iniquitous and a bit unjust. It is very important that the Government scheme, which is there to cover the perceived market failures, looks at that very carefully.

For instance, environmental trades, which some farmers are beginning to look at for, say, biodiversity net gain or nutrient reduction, are very much about additionality. We have looked at our own research and demonstration farm, which of course is quite a nice place for the environment, and we have very little headroom for biodiversity net gain because it is pretty good already. There will not be a market for us to benefit from there. We are not the only ones who have very good existing levels of habitat provision. Government need to be careful to ensure that those farmers are rewarded under the new schemes, particularly SFI, as they come through.

- Q66 **Derek Thomas:** That is certainly a concern of my landowners. Tom, given what we know about the ambition of local nature recovery scheme plans, are they ambitious enough? Do they match the kind of ambition of your organisation?

Tom Hind: At this stage, it is still a little bit of a hypothetical question. In just the same way that countryside stewardship has proved a vital tool in encouraging and rewarding farmers and landowners in national parks and AONBs to sustain, maintain and improve habitats and to look after the environment and the landscape in its broadest possible sense, we think that the local nature recovery component of ELM is likely to be a really important vehicle in continuing that and developing it even further going forward.

To make it really sing, it has to be locally targeted. Not only does it need to link in with local nature recovery strategy, which we have some insight into as special purpose local authorities, but also it has to link into our national park and AONB management plans. They set the priorities for



what we and our stakeholders aim to deliver in each of these really special landscapes that are cherished by the nation.

What is really important for us, a little bit like Rosie said, for local nature recovery strategy to work is, yes, it has to be attractive and rewarding to farmers and landowners—there are some important questions about what the payment rates might well be—but it also has to dovetail in with those key priorities for nature, heritage and natural beauty that exist on the ground in each of those areas as well. That is going to be really fundamental.

We think there are some learnings we can take from the way we have been delivering the farming in protected landscapes programme, some of which were echoed in the previous session, when a previous panellist talked about the importance of having good local facilitators on the ground. The way that we have been able to make the farming in protected landscapes programme work in just a year, from its inception and development to actual delivery on the ground, is by having some really good people on the ground who can help farmers and landowners hone their ideas within these four broad overarching themes of climate, nature, people and place.

Derek Thomas: That kind of takes us back to what we had 20 or 30 years ago, but I will not go into that.

Q67 **Chair:** I will just pick up on something Rosie said. You said, “We want to be more ambitious”. Are we talking about deepening the schemes on particular farms or on particular areas of land, or just widening participation, or a bit of both?

Professor Hails: It is probably a bit of both, yes. It cannot just be countryside stewardship with a little bit extra. There are some fundamental things in there, for example supporting farmers perhaps to turn to agroforestry or paludiculture. These are some quite fundamentally major changes, but they are ones that could really be beneficial for the farmed environment and for carbon and nature.

Q68 **Barry Gardiner:** Professor Hails, first of all, can I thank you and congratulate you for all the work you have done over the years on natural capital? You were part of the first Natural Capital Committee and that was fundamental in everything that we are now looking at. I want to ask you about the SFI. You have said that the standards do not go much beyond basic good practice and regulatory requirements. How would you want to see the SFI standards developed?

Professor Hails: Of course, at the moment we are only talking about the rollout of three standards. Looking forward, we would really like to see Defra moving further and faster and producing the next set of standards as a whole package. For example, when we have the farmland biodiversity standard, that should be introduced alongside the integrated pest management and the rollout of hedgerows and other standard. This



will enable farmers to make plans for the whole farm and the whole farm business in one go. That is one thing we would really like to see.

- Q69 **Barry Gardiner:** Can I flip this on its head for a second and talk about the role of planning and enforcement? We are talking here about trying to encourage farmers, in effect, to do the right thing, to farm sustainably, for the long term and for the public good. In any other planning context, if a chimney pot falls off and bangs somebody on the head, the local authority comes in and tells them, "No, you have to put your chimney pot back into proper repair. If you do not do it, we will do it and we will get you to pay for it". Is there a corollary in farming that we should be looking at? Yes, of course we want to encourage people and incentivise farmers to farm sustainably and for the public good, but, where there are egregious breaches of that, sometimes intervention and other rules should come into force.

Professor Hails: That is absolutely correct, yes. We have regulations and they should be enforced.

- Q70 **Barry Gardiner:** In your view, are they sufficiently enforced?

Professor Hails: If you look at the problems we have, for example nutrient pollution, they cannot have been properly enforced.

- Q71 **Barry Gardiner:** Would one of the recommendations that you would like to see this Committee make in its report be that there should be greater enforcement of breaches, as well as incentivisation through the SFI of good practice?

Professor Hails: That would probably be a recommendation that you would well want to consider.

- Q72 **Barry Gardiner:** Thank you very much. On the issue of co-design, what has been your experience at the National Trust of that part of SFI?

Professor Hails: We really welcome the idea of co-design, but co-design is not easy. It is not simply calling people together and telling them a little bit about what you are thinking. We are learning how to actually do co-design well, and this has been a start. We absolutely welcome that start, but it is work in progress. Our team at the National Trust has been a little disappointed as the process has gone on, because the level of ambition seems to have declined in SFI.

- Q73 **Rosie Duffield:** My question is similar to Barry's. To the National Trust and the national parks, what engagement have you had as organisations with the farmers on your land who have entered into SFI agreements? Is that a regular thing? Do you regularly get feedback from them?

Professor Hails: SFI applications are very much in their early stages and our general principle is to work with our tenant farmers and commoners to support them in entering SFI, countryside stewardship or higher tier ELMS agreements, and in going further and adopting really innovative, nature-friendly, low-carbon approaches to farming. We have



some very good examples of that working well. We want to be a trusted partner, able to articulate the opportunities that are available to our tenants.

Q74 **Rosie Duffield:** Tom, would you say the same?

Tom Hind: In our case, as we have been going around the national parks, communicating and talking directly with farmers, landowners and stakeholders about the farming in protected landscapes programme, many of us have used that as an opportunity to provide a bit of a platform to talk about the wider policy framework as it is delivered, including the sustainable farming incentive. We are not particularly close; very few national park authorities are farmers and landowners in their own right, so whatever we pick up is generally anecdotal.

We tend to hear that, on the one hand, people welcome the fact that it is relatively easy to apply for, that you have the rolling application window. On the other hand, particularly in upland areas, people are not seeing the current three standards that have been rolled out as being particularly useful or attractive to them. Payment rates are not particularly attractive, but, as previous speakers said on the last panel, that is the start of a process that will lead to 22 standards. Therefore, there is a hope that, down the line, they will be a bit more attractive and accessible for the widest possible suite of farmers and landowners.

One thing I wanted to draw attention to in all this is, as SFI is rolled out, at the same time the basic payment scheme is being undone. That is probably something that we will come back to. With that, at some point the conditions around cross-compliance are likely to be wound out as well. That also creates a little bit of a concern to us that cross-compliance has ensured that some important landscape features within national parks, like hedgerows and dry stone walls, are maintained. That loss of conditionality and the change in the regulatory baseline is something that we are nervous about. It will remain to be seen how that actually pans out, but we would not want the gains that we have seen through the way that the basic payments scheme and its predecessors have operated through cross-compliance to be unwound in SFI and the way that that will work.

Q75 **Rosie Duffield:** Rosie, we were talking a lot in the first panel about communication. Have you found that sometimes you get more direct communication from Defra and have to feed that back to the farmers, or do they come to you with questions, or saying that they have not had that great communication?

Professor Hails: The National Trust is a very devolved organisation. We have estate management teams that are the first point of contact and communication with our farmers. I have not had the feedback that they are specifically disappointed, but then of course you do not know what you do not know. Farmers might not be expecting to receive much communication from Defra.



To give you an example, we have become involved in a partnership with *Farmers Weekly* and the farming transition project. That is trying to improve communication with farmers so they can be much more aware of the transition, what that means for them and how that can help them, what their options are for keeping their business sustainable. That has been really useful. We have only been through the first 12 months and this is a project that is going to go on for a few years. That is trying to foster that peer-to-peer learning and communication. That is one way in which we are trying to tackle the information flows.

Q76 Chair: Teresa, one of the most precious and fragile environments in our agricultural landscape is heather moorland. Some of that is deep blanket bog. Some of it, in Tom's patch, is dry heathland with less deep peat. Teresa, is there any work that you have done in terms of management of moorland and heather that could feed into having a recipe for plugging into? Many of the ways that you farm the lowlands and grassland are completely different. Could you work with Defra to bring forward plans to help moor managers and farmers to manage that environment and get rewarded for doing so?

Teresa Dent: Going back to the point I made, the first thing is to maintain and protect what you have. I know a lot of people in the uplands at the moment are very concerned about wildfire, for obvious reasons. It has been a big issue this summer. Wildfire mitigation policies for upland landscapes are very important. There are various ways that that is being looked at at the moment. Whether prescribed burning should be part of wildfire mitigation is an important discussion.

Otherwise, in terms of upland biodiversity and particularly upland waders, the thing that we would be looking for in the future within these schemes is the opportunity for farmers and land managers, and possibly collaboratively, so they are covering greater scale, to put forward cohesive conservation and species recovery plans that cover quite big areas of the uplands, but also in the lowlands. Those species recovery plans can slot into either local nature recovery or landscape recovery. I think there is, in Defra's mind, scope for that to happen already in landscape recovery, but, now that landscape recovery is going to be a smaller element of the overall pot, it would be very helpful if those sorts of measures were brought back into local nature recovery as well.

So often, to achieve the type of reversal of species decline that Defra has set as its target, you need a cohesive conservation plan. That has to cover scale and the more you can get farmers to collaborate the better. GWCT has a lot of experience in working with farmers collaboratively at landscape scale, and we have been very impressed with some of the outcomes. We have one farm cluster on the lower Avon in Hampshire, where, collectively, they have reversed the decline of lapwing and achieved a level of breeding success that will maintain or expand the population. There are not many places that has happened, so we are very



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much in favour of this collaborative approach and very keen to see that very embedded in local nature recovery.

Q77 Chair: Do you think those payments should be linked to having those species there and increasing, or would it be sufficient just to do the things, in terms of the environment, to hopefully attract those species, but you would not be penalised if, despite all your best endeavours, it did not work out?

Teresa Dent: That is a very interesting debate and one that we have had for a while. Ultimately, it has to be some sort of hybrid scheme. These payments to reward farmers for the public goods that they are providing for society are going to be a really important part of the farming business and the resilience of the business. In our previous session, we heard a great deal about that.

We also heard how farmers have to look for certainty, particularly in these periods of very serious economic and financial volatility. You have to have a sensible level of payment that is rewarding them for the habitat provision. That is an interesting subject in itself, which we might come back to. You could have some additional payments for elements of species recovery and productivity, but you have to have a base layer. Otherwise you are asking a farm to bet the business on a curlew, and that is really quite a rash thing to do.

Q78 Barry Gardiner: Ms Dent, I wanted to pick up on what you said about the danger of wildfires this summer. Many of your members who are grouse moor managers would actually be burning heather. How has that worked out this summer? Has there been a complete moratorium on burning the heather or not?

Teresa Dent: No. The statutory instrument that was introduced was to stop prescribed burning on deep peat, which is peat in excess of 40 centimetres. The concern that exists is that, if you do not manage the vegetation, you build up a fuel load, which, if you get a fire out of the formal burning season—which is in the winter, when it is wet—in the summer, when it is hot, and you have a layer of dry peat, even on the deepest, probably wettest peatland area, you can get a wildfire that goes into the peat. That is very damaging from a climate change point of view. It will release a great deal of carbon dioxide.

Quite a lot of work has been done on wildfire mitigation. Some quite careful calculations have been done, which would show you need to control through burning probably about 3% of your vegetation in order to protect 97%. That feels like a good equation.

Professor Hails: The longer-term solution, though, is rewetting peat, because that will reduce the fire risk.

Q79 Ian Byrne: Tom, do you think the goals Defra has set for the local nature recovery scheme are set at the right level of ambition?



Tom Hind: It comes back to an earlier question about the level of ambition and what I said about the fact that, if the scheme is developed in the right way, if it is sufficiently remunerative but also focused around those local priorities that are spatially targeted, the key environmental challenges that we are facing in individual parts of the country, it could be a really powerful tool. We are certainly seeing the environmental land management scheme in its entirety, but particularly local nature recovery and the landscape recovery components as being key vehicles that will help to encourage and incentivise farmers and landowners more widely, as I say, to do the right thing for nature, climate, people and place.

In the meantime, in our case, in national parks, we are using the farming in protected landscapes programme to deliver those benefits in real time and provide encouragement, rewards and incentives for farmers and landowners in a much more integrated way to do a similar thing.

Professor Hails: I have talked about this in answer to an earlier question. Are the goals set at the right level? We only know what the goals are at a very high level. While we absolutely support the direction of travel and the things that are proposed and we very much support the idea of spatial targeting, we do not yet know the detail.

Q80 **Ian Byrne:** I think much of it got covered before by Derek. What engagements have you had with the 15 landscape recovery projects due to start later this year?

Professor Hails: It is actually 22 pilot projects that have just been announced. We are leading on two and we are involved in one other. Defra has not announced the details of all the other successful projects, so we know about the ones that we are involved with. The ones we are leading are two big river corridor restoration projects.

Tom Hind: In our case, we have had relatively little involvement, especially latterly. As Rosie said, we know that the 22 pilot projects have made it through and that is great. Something like 10 of those are in national parks or AONBs, which is a good thing. The landscape recovery concept could be a really powerful tool in accelerating landscape change in a positive way, where that can deliver greater environmental benefits, as well as providing rewards to farmers and landowners.

We heard a few cautionary notes from the earlier panel about how it might be disempowering to tenant farmers in particular, and we certainly hear that in our context. Importantly for us, in national parks, where we believe we should be the pinnacle for the country, in terms of our aspirations for nature, it is really important that landscape recovery programmes dovetail in with management plan priorities, which are statutorily recognised priorities. They are recognised in spatial management plans that have widespread binding sign-up. They set a vision and set of priorities for each national park. It is really important that the landscape recovery component, as it rolls out, works with us, as



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the national park authorities, but primarily with those national park management plans.

Q81 Ian Byrne: Your lack of engagement just comes down to the fact that some of the projects are not within your—

Tom Hind: That is understandable. It is a competitive scheme that has been open across the country. You would expect a good proportion of them to be outside of national parks. You would equally expect some of them to be in national parks. We are a public body, so we are unlikely to be the lead applicant in those roles. We would obviously want to ensure that, as the custodian of the national park and setting the key priorities for the area, whatever is incentivised, rewarded and encouraged through that landscape recovery programme is what we want to see delivered on the ground. That is the key thing for us really. As a financial incentive, it could be a really powerful tool.

Q82 Ian Byrne: Teresa, what engagements have you had?

Teresa Dent: I know of one farmer-led collaborative project that has been approved as one of the 22 landscape recovery pilots, so that is great news. I see local nature recovery being an important route for landscape-scale projects to be done. As I say, we work with a lot of farmers on collaborative groups. Bizarrely, because, at the moment, landscape recovery has a top level of 5,000 hectares, that is too small for quite a lot of the collaborative projects we are working with at the moment. We see them going into local nature recovery and that is why I am very keen that should facilitate collaborative projects and enable those to happen.

In terms of the scale of ambition, the overall ambition that Government have set—as Rosie says, we do not know necessarily how that breaks down—its high-level ambition is pretty strong. It feels quite ambitious. The trick is to find the way to take that down to ground level, so that individual farmers, groups of farmers in farm clusters and local landscapes can see what they are trying to achieve.

One thing I am concerned about is how local collaborative projects, which can be very ambitious in their environmental targets and have been funded through, we hope, local nature recovery, will actually integrate with local nature recovery strategies being run by the local authorities. To many of the farmers, that feels like a distant thing that they do not have much to do with. I have one local example where the local nature recovery strategy is being set up by a group of 27 people and not one of them is a farmer. In that area, there are farmer collaborative projects that could deliver very good nature outcomes. Joining those two elements is quite important.

Q83 Ian Byrne: This might be a difference of opinion here. I will ask Rosie first. What is your view of the Government's decision to change the funding available for the initial pilots?



Professor Hails: The scale of environmental need is much higher than the £50 million, but of course we are also operating in a space where there is a lack of clarity as to what exactly we are anticipating will be delivered by local nature recovery, as well as what will be delivered by landscape recovery. One thing I would say is, with over 50 applications to the landscape recovery pilot thing, there is clearly demand. Demand is high, the environmental need is high, so I would say that that is an argument for increasing the budget in this particular tier.

One very positive thing is having this development phase. That is very welcome because we really need to allow sufficient time for communities and farm clusters to organise themselves at landscape scale. Particularly if we are talking about farm clusters, farmers are time-poor. They need that time to organise themselves. I would say it would be wise to start future rounds as soon as possible because we need that lead-in time.

Teresa Dent: One of the earlier panel members highlighted the concern they had about maintaining food production. GWCT's 55 years of research into farmland ecology and nature conservation on farmland has been all about fitting nature alongside viable productive food production. That is where we are.

There is a lot of science that has been done to show how much nature you can deliver from relatively small amounts of uncropped unproductive land, if you manage that land really well for that wildlife delivery. There is work that has been done that showed you can double the number of butterflies on farms if you go from 3% uncropped land to 10%. If you go from 3% uncropped land to 15%, you will double the number of farmland birds. There are ways in which we can generate these nature conservation outcomes that we are looking for, as part of achieving these targets, on farmland that is still used for food production, but we have to manage both bits of it with great care and intelligence to get the best from both.

One of the concerns we have—it has been touched on by other speakers—is the emerging complexity of the SFI. It was intended to be a very simple scheme, but perhaps part of the process of co-design is inevitable complexity. We are now in a situation where we have 17 standards. The number 25 was mentioned by somebody; 22 was mentioned by somebody else. Each standard has at least two levels, possibly three. The multiplication of all this is getting pretty complex.

We really wonder whether we should just look a bit more simply at this. If the evidence shows that there is such a correlation between the degree of uncropped land and wildlife, perhaps we should slightly turn things on their head and have a basic payment for the amount of habitat that is on a farm based on a habitat assessment, which is a fairly simple thing to do, and then possibly we could create a much simpler base layer of SFI. That is just an idea.



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Teresa Dent: Not yet, no.

Chair: She just has.

Teresa Dent: We only thought of it last week.

Ian Byrne: It is hot off the press.

Q85 **Chair:** During the first evidence session, we heard reference made to vanity projects. Do you have any idea what they had in mind when they were talking about those?

Professor Hails: No.

Tom Hind: No.

Chair: We maybe should write to the NFU. I suspect it might have been some of these more wider-landscape projects where the money is not necessarily hitting farmers. We speculate.

Q86 **Julian Sturdy:** I have had a message to say that I just need to clarify my interests. My farming business receives BPS payments. That needs to just be on the record. I was told off. It is now out there.

On the payments for public goods, if we can delve into that a little bit, can ELMS financially support farmers just by paying for public goods, first? If you do not feel it can, will some type of direct payment or payment for food production be needed to keep farms viable?

Professor Hails: With WTO rules, we are not allowed to pay farmers for food production per se, because that would distort the market, would it not?

Q87 **Julian Sturdy:** Is payment for public goods enough on its own or is there going to have to be something else to keep farms viable?

Professor Hails: If the payment for public goods is at sufficient levels then, yes, it can keep farms viable. There are other elements that also need to be considered. Farmers live in rural communities and therefore some of the levelling-up agenda that is relevant to rural communities will also assist farmers, for example ensuring there is good broadband coverage. There are other things that can be done to really support rural businesses in general.

Beyond that, as long as farmers are sufficiently well rewarded for the public goods they are producing, it should be made possible.

Tom Hind: I have spent over 20 years following farming policy. I have never heard a Government of any colour vote for subsidising farmers to produce food. The reality is that Defra set out right at the very start of this trajectory that ELMS was not a replacement for BPS. BPS evolved from the old EU market intervention support regimes and direct payments, which was all about income support to farmers. It is not about



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that. As George indicated earlier, the policy landscape is not just about ELMS; it is about a wider suite of measures.

Having said all that—it is something that I am concerned about—there is likely to be a process of transition. A large number of farms, if not a majority of farmers, are utterly dependent on the basic payment scheme for their profit or income. That is being removed, and their ability to replace that, either through structural changes they make in their businesses or through adapting their business towards moving to deliver environmental goods and services, is uncertain. It is really important that we not only think about how the whole panoply of support schemes will work in the long term to deliver the trajectory.

All of us would argue that the ELMS philosophy of paying public money for public goods is the right philosophy, but that process of transition has to be very carefully managed. It is something the Committee drew attention to in its previous report. While Defra has definitely put a lot more focus on getting the communications right around the future schemes, to the extent that it can say that, I still certainly have a bit of a concern about whether the reality has dawned on the wider farming community about the seismic nurture of the change that is about to take place. That is not just in upland area or protected landscapes; that is right the way across the country.

Julian Sturdy: Yes, that is coming through loud and clear.

Professor Hails: I was going to add something to my previous answer as well. This was alluded to by the previous panel. Part of the problem is that the farmers do not receive a sufficient reward through the supply chain for farming sustainably. That is part of the systemic change that we need to address in support of farmers.

Teresa Dent: It is a very difficult question to answer until we have more information about how the finances of the whole of ELMS are going to work. I agree with Rosie that the level of payments is crucial, and I agree with Tom that the danger period is the transition. Anything that can be done to try to make that transition safe is very important.

Q88 **Chair:** Tom, one of the problems with this transition is, although the Government are talking about similar amounts of money, under the old BPS scheme you had to do a bit of cross-compliance but there was not a lot of expenditure to qualify. Under ELMS and some of the other schemes, there is going to be quite a substantial investment made by farmers in cultivating land and buying seed for nectar and pollen, birdseed and everything else. Do you have any idea about what level of expenditure, certainly in the national parks, farmers might have to make in order to qualify for the same amount of money they were getting before but at a cost?

Tom Hind: Yes, to an extent. It is still hypothetical, but as part of our work in the North York Moors, in support of Defra and the policy design



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through the tests and trials, we undertook an economic modelling exercise, which was essentially trying to assess what level of payment would be required to provide a sufficient incentive that would cover those opportunity costs of undertaking those kinds of interventions.

We looked at a number of different scenarios, and they make an assumption—okay, it is a hypothetical assumption—that the price that you would have to pay in terms of the cost would be about 50% of the payment. Let us say hypothetically the local nature recovery component, which we based on countryside stewardship rates, was around about £100 or £150 per hectare, or something of that nature. We assume that the cost would be 50% of that.

Ultimately, it depends on that equation about where you draw the line in terms of income foregone and costs incurred, which is the direction the Government are going in with the environmental land management scheme. In order for it to sustain farm business activity, we would argue that it would need to be significantly higher than that in order to ensure that, combined with the sustainable farming incentive, it was sufficiently remunerative while, at the same time, encouraging the delivery of those wider public goods and services.

Q89 Chair: I am sorry to pick on you again, Tom, but in many of the national parks, certainly in the North York Moors, there is a lot of common grazing. It was a real challenge to get that help—the BPS—to farmers in that situation. You have the medieval court leet, I think, that administers that. Are there going to be problems with common grazing, where a number of farmers are using the same land? Will that be more difficult or easier to deliver under ELMS than under BPS?

Tom Hind: There are undoubtedly challenges in terms of common land and common grazing, though far be it from me to profess to any expertise. If you invited the Foundation for Common Land here, they would probably give you a much better exposition of this than I could. Certainly, we know that one of the commons in our area, Westerdale, has been looking at this issue as part of the test and trial exercise that the Foundation for Common Land has been doing.

Yes, the peculiarities of common land and common land management are part of the challenge around how you get the ELM scheme design working correctly, just because of the complexity of having people who have grazing and management rights over land that is owned by somebody else.

Q90 Chair: I want to ask one final question to all three panellists, if I may. Will we, in 2024, be good to go to complete the transition from BPS to ELMS? Is it not going to be a very easy path?

Professor Hails: It is not going to be an easy path. I know there is lots of work going on behind the scenes in Defra. My view is that they really have stepped up the pace in the last nine months. It is just not yet visible



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externally. I have empathy with them. They have to balance providing information early with that information changing a bit further down the line. This is such a big transition and it is evolving. I would say there is huge goodwill in the sector to work with them. We just have to make it so.

Tom Hind: As Rosie said, we have to work with Defra to try to ensure we can make it happen. In the meantime, we are already delivering on the ground through programmes like the farming in protected landscapes programme, which is only guaranteed for three years and therefore will run out in 2024. That scheme is delivering so effectively in national parks and AONBs that we would argue for its longer-term continuation beyond 2024. just so we can ensure we are supporting some of the most vulnerable farmers in our protected landscapes with that transition.

Teresa Dent: If the target is 2024, it is a concern that the last five SFI standards are not due to come out until 2025. To pull that back and consolidate them into a shorter timescale would be immensely helpful. There is real scope to get local nature recovery done in that time.

Chair: Thank you very much. Let me thank our panel. It is always very good news to me when we have witnesses who give facts and analysis rather than opinions. We have had a lot of facts and analysis that will help this Committee in its work. Thank you very much indeed to all three of you.