



HOUSE OF COMMONS

# Environment, Food and Rural Affairs Committee

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

Tuesday 15 November 2022

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Members present: Sir Robert Goodwill (Chair); Steven Bonnar; Rosie Duffield; Barry Gardiner; Dr Neil Hudson; Robbie Moore; Mrs Sheryll Murray; Julian Sturdy.

Questions 91 - 149

### Witnesses

I: Rt Hon Mark Spencer MP, Minister for Food, Department for Environment, Food and Rural Affairs and Janet Hughes, Programme Director, Future Farming and Countryside Programme.



## Examination of witnesses

Witnesses: Rt Hon Mark Spencer MP and Janet Hughes.

Q91 **Chair:** Welcome to the Environment, Food and Rural Affairs Select Committee where we are having an evidence session and progress update on our ELMS, or Environmental Land Management Scheme, the new way that farmers are going to be supported. First, I should put on record that I am a farmer myself and in receipt of agricultural subsidies. I am sure that the Minister may well wish to do the same. I also welcome Steven Bonnar, who is a new member of the Committee. You are very welcome, Steven, and we look forward to your contributions.

Could I ask you to introduce yourselves briefly for the record? I will say, Janet, that you are getting a very good reputation around the country. I have spoken to a number of people where you have been running seminars, so I will say to the Minister hold on to her for as long as you can, because she is doing great work.

**Janet Hughes:** Very kind.

**Chair:** You are doing great work as well, obviously, Minister. Janet, would you like to introduce yourself?

**Janet Hughes:** I am the Director of Farming Reforms in DEFRA.

**Mark Spencer:** I am the Minister of State in DEFRA responsible for food, farming, fish and trade.

Q92 **Chair:** I will start the questioning. The previous Government set a few foxes running, you could say, by saying that they were reviewing the ELM scheme in light of the global economic situation. Is that review still ongoing?

**Mark Spencer:** I think that the word "review" implies that we were tearing the whole thing up and starting again. I would describe it as fine-tuning to make sure that the outcomes we want to deliver are the outcomes that we will deliver when we roll these schemes out. That is a process that is ongoing, but it is fair to say that we are at the conclusion of that process and ready to get on with the job.

Q93 **Chair:** Would retaining some element of the basic payment, maybe for smaller farms, be part of that review?

**Mark Spencer:** Let's be clear. The Basic Payment Scheme is ending. We have committed to that ending. We have said that it was going to end within seven years and we are already a year into that, so that is still the case. As that payment scheme comes down, we are looking to introduce new schemes and those payments will go up for public good and for the benefit of the environment and biodiversity. I think that the direct answer to your question, Chairman, is basic payments are ending and there will not be a system of basic payments.



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Q94 **Chair:** In the Agriculture Act, there is provision for a pause if, for example, progress on uptake or any other external factors were to intercede. Is that something that you are looking at?

**Mark Spencer:** We need to get on with this. We have made huge commitments on the environment and we have made huge commitments on food security. We want to create a scheme and a system that entuses farmers to produce food and entuses farmers to improve the environment and biodiversity. I think that it is time to get on with it and unleash those farmers to help us.

Q95 **Chair:** Obviously, when the scheme was designed and plans were being made, nobody had envisaged that President Putin would invade Ukraine, commodity prices would go up, fertiliser prices would go through the roof, and farmers would be facing significant pressures that nobody forecast. Is there any way that the way in which the scheme is going to be implemented would take into account some of those pressures?

**Mark Spencer:** I think so, because I do not see them as being diametrically opposed. I think that we can produce food and we can benefit the environment at the same time. That is what lots of farms up and down the country have done for generations, but we can improve that and we can assist them. There is an argument to say that this spreads the risk a bit, that it gives an alternative income to farmers not just on food production but income to improve the environment and to improve biodiversity in their own areas that mitigates some of the impact that some of those spikes in global prices can have. We focus the food production on the most productive bits of land and we improve the environment and the biodiversity on the, shall we say, more challenging bits.

Q96 **Chair:** We will talk about some of those most productive bits of land. Are there any fears within the Department that with wheat prices around about £300, rape prices north of £500, that some farmers may well think, "We can make more money farming every square inch"? Is that a fear? I am sure that the Treasury would be keen to hear if that was happening.

**Mark Spencer:** Anecdotally, you could make that argument, but my experience in reality is that farmers are very pro-environment. We are talking about people who get out of bed early every morning in order to produce food, to look after animals and to grow crops. You cannot do that unless you love what you do and you love the environment in which you farm. We are often talking about family farms that have been there for generations. Farmers want to leave a positive impact on that landscape, a positive impact on the world that they were lucky enough to occupy for that generation. To suggest that farmers want to damage that, that has not been my experience anyway in my farming career or my political career. What we are saying as a Department is that we can help them, we can assist them on that journey, and we can motivate and inspire them to be even more enthusiastic.



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Q97 **Barry Gardiner:** Minister, first of all, are you still committed to the current timescales of having all the ELM schemes launched by 2024?

**Mark Spencer:** Yes is the direct answer to that question, yes.

Q98 **Barry Gardiner:** That was a short answer, yes. Secondly, let's look at budget. The current budget for ELM and Countryside Stewardship combined is only about a billion per annum. What assessment has the Department made of how large the ELM budget needs to be beyond 2024 to ensure that farming continues to contribute to the net zero and Environment Act targets? You will be aware that some of the nature groups have estimated the need currently stands at £1.7 billion a year in England based on the pre-Brexit environmental objectives. They think that that will grow to between £2 billion and £4 billion a year in the coming years. The budget at the moment at £1 billion looks really light in comparison with those figures.

**Mark Spencer:** That would be a very nice problem to have. It feels to me as though we are being criticised that people are not taking these schemes up, people are not engaging with these schemes, people will not embrace them. If that is the case, we will have plenty of money. I think that Mr Gardiner is right to identify that there may well be a challenge that there is huge enthusiasm for these schemes and that will be a pleasant problem to have.

Q99 **Barry Gardiner:** If I can just interject, I am not so much looking at the demand, I am looking at the identified environmental need and the targets that you as the Department have set yourselves. This is not about whether we will achieve it, whether the farmers want it, or whether they are going to be reluctant to engage in it. It is about the amount of money that would be required to achieve the targets that the Government have set.

**Mark Spencer:** Yes, but the whole budget I think is £2.4 billion that is available to us, so if we end up absorbing all that £2.4 billion in these schemes, then we will have delivered huge environmental benefits and outcomes. That will be something that I as the Minister and the Department will be very proud of if we end up in that place. That is our aspiration. Janet will probably know the figures better than me.

**Janet Hughes:** I am happy to add on that. The overall budget is £2.4 billion, as the Minister says, and as we phase out direct payments then we are expecting to spend that money through schemes, primarily through the Environmental Land Management Schemes but also productivity, innovation, research and development. We have made a planning assumption that the budget will continue broadly at that level, but obviously that will be for future Governments to decide.

Our estimate as to the cost of meeting the targets depends on the setting of the targets, which we are proceeding with in due haste, but it is in the same range that those NGOs have mentioned to you. What we are planning for is that some of that will be met through government funding



through these schemes and some of it through private investment. There is a whole other team in DEFRA working on how to set the rules for that private market and how to stimulate that investment. You will be aware that in the Budget the Government set targets to stimulate that investment. It will be about the mix of those two, and obviously it is something that we will need to keep under review to make sure that we are seeing the investment we need to see to get the targets.

**Q100 Barry Gardiner:** Thank you very much. That is really helpful. Analysis undertaken by the UK Centre for Ecology and Hydrology indicated that if ELMS was similar to Countryside Stewardship, it would not enable delivery of the Environment Act targets. Can you identify how the new Local Nature Recovery Scheme will be more ambitious than the Countryside Stewardship scheme now is? What is the relevant difference here?

**Mark Spencer:** It is worth saying, though, before I answer that—and I will come to that specifically—that we will not meet any of these targets if we do not encourage farmers to get on the ladder of aspiration, if you like. My No. 1 ambition is to make sure these schemes are easily accessible and we encourage farmers to take the first rung on that ladder. Once you have them on the ladder, pushing them up that ladder of aspiration is going to be a lot easier than getting them started in the first place. Let's get them on those schemes for a start. Countryside Stewardship has been very successful in doing that, in getting more farmers involved. I think that over the last three years we have seen a 94% increase in farmers joining Countryside Stewardship, so that is the first rung of the ladder. Now let's push them up that ladder and, as you have identified, let's get them to try to hit bigger targets. That is what the new schemes are aimed at. Janet, I don't know if you want to add anything.

**Janet Hughes:** Yes, I am happy to flesh out some of the details on what the difference is. The main difference between where we are now and where we want to get to are three things. First is scope. We will pay for a wider range of actions and some of them at a higher level of ambition than we pay for now. For those in existing agreements there are more things to come that they can get paid for, and those that are coming in new can do that wider range of things.

Then we have to improve the service so that more people access it, and we do that by making it simpler, clearer, fairer, more accessible, and more flexible for farmers so that it is workable. We have seen schemes in the past with the levels of take-up that we want to see here. The entry-level stewardship scheme had 70% uptake but did not deliver the outcomes that we want to see. What we are trying to see is that level of uptake but with the outcomes that go with it. We are doing that by making things clearer and fairer, as I said.

The final element is through making sure we get value for money by targeting the investment, and we are looking to do that through spatial



targeting, where we pay extra for things being done in the right place—we have started doing that in the England Woodland Creation Offer, where you get paid more to plant your trees if they also benefit a watercourse, for example—and through local join-up, so we see habitats and catchment-level action taking place, and possibly some element of payment by results to reward those who really knock it out of the park and go further.

Through the scope, through the service improvements and through the value for money and targeting, we can pay for the right actions at the right level of uptake to get the targets achieved.

Q101 **Barry Gardiner:** Let me probe one of those deeper, scope. It is important that you are not paying farmers twice for the measures that they are taking. Currently, under farming rules for water you should be putting an over-winter crop there to protect soils, but it has been reported that DEFRA is considering introducing a small farm payment, which would be specifically targeted at small farmers, and that those plans would perhaps be paying for doing things that under the water framework directive they should already be doing. Is that clearly not the case? If there are payments to small farmers particularly, how does that tally and how is it compliant with the WTO green box rules?

**Mark Spencer:** I don't think that is true. It is quite important that we are able to layer these things so you can get payments for multiple outcomes, but I accept that you do not want to get paid by two separate bodies for the same thing. We want to try to avoid that but allow a layering of better outcomes.

**Chair:** I think that what Barry was saying is that you are being paid for something that is a statutory requirement.

**Barry Gardiner:** Yes, it is not the double payment there, it is that the water framework directive would say that you should have a crop over winter and you have that cover crop but there was an implication that you might be paying farmers to do it.

**Mark Spencer:** It is good farming practice—

**Barry Gardiner:** Exactly, yes, and they should be doing it.

**Mark Spencer**—but encouraging people to do it I think is also the right thing to do. Are we going to specifically pay for that? I do not think that we have made that decision.

**Janet Hughes:** Yes. In general, the principle is that we are not paying people to comply with regulatory requirements, we are paying people to go beyond regulatory requirements. When we ask people to do a cover crop, that will be going beyond what they are required to do for the purposes of improving the soil, preventing runoff, preventing erosion, protecting the soil from rain and so on over winter.



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In terms of the small farm payment and the WTO rules consideration, we do have to set the payment rates in a way that complies with WTO rules but there are provisions for supplementary payments and other such things within those WTO rules. Given the flexibilities that we now have, we are, of course, looking at all the options available to us to make sure that the payments and schemes are appropriate and attractive for people.

**Mark Spencer:** There are some good examples of where farmers are getting together in co-operatives to do schemes within a catchment area of a river to reduce nutrients within those rivers by improving their farming practices and improving their cropping. We want to encourage that behaviour.

**Chair:** Just at that point, you also get paid for over-winter stubble, which is the exact opposite of what we are suggesting.

Q102 **Barry Gardiner:** When will DEFRA publish the detailed breakdown of smart outcomes and strategic specifications for what each aspect of the Future Farming and Countryside Programme, including ELM, is intended to achieve so Government can be held properly to account but also so that farmers know what it is you are driving them to deliver?

**Mark Spencer:** That will all come with the Environment Act targets on the same day and soon I think is the—

**Barry Gardiner:** They were supposed to be October by statute.

**Mark Spencer:** They were, but to be fair I think that we had 18,000 pieces of correspondence and contributions into that consultation. It is quite important to consider that. There is no point having a consultation if you are just going to ignore the 18,000 responses. You do need to read them and collate them and understand what the message is that you are receiving. We would be criticised if we just rushed out figures without reading that consultation response.

**Barry Gardiner:** One of the main messages we have had in submissions from the sector is that they are unsure about what they will need to do under SFI. It might be helpful, if it is going to take longer than soon, to maybe publish draft—

**Mark Spencer:** I understand. We are very keen to get on with it but we just need to conclude that consultation and then respond. I am conscious that we missed the deadline that we committed to.

**Barry Gardiner:** I will leave it there, Chair. Thanks very much.

Q103 **Mrs Sheryll Murray:** Welcome, Minister. What are the main lessons that you have learnt from the sustainable farming initiative pilots and how have you applied those lessons?



**Mark Spencer:** Quite a lot is the answer to that. It has been a really interesting process and it has been very beneficial to the Department to have had that engagement with farmers and to road test some of these things. One of the lessons that we have learnt is that these schemes need to be easy to understand. They need to be easy to access and easy to deliver, if you like, in the first instance. We have learnt that farmers are pretty enthusiastic about these things. They want to engage with it. They want to push on with it. We have learnt a lot in that process and we will be able to roll that out as we move forward.

Q104 **Mrs Sheryll Murray:** Some of the farmers involved in the pilots told us that they did not always feel listened to during the co-design process. In particular, some of them involved in the hedgerow standard told us that they felt that the scheme was not ready to roll out. What are your reflections on the co-design process?

**Mark Spencer:** I would rather cheekily say to you—and as a farmer I think I can say this—if you have ever had a meeting with a group of farmers—

**Mrs Sheryll Murray:** I completely understand.

**Mark Spencer—**do they all agree with each other?

**Mrs Sheryll Murray:** Exactly.

**Mark Spencer:** If you get 50 farmers together in a room and say, “Can we all agree on this?”, I would be very impressed if you found a consensus within that room. Of course, you are going to have differing views. It is our job to try to absorb those views, to listen to what they say, and to work out what is a legitimate concern and what is not.

Where I would accept some criticism is that we could be better at going back to people and saying, “You made this suggestion. The reason we are not moving forward with your suggestion is because of X, Y and Z. We think that it is better if we do it this way”. I think that would be a legitimate criticism. We have tried to strike that balance during that co-design process and there has been an awful lot of engagement. I am not talking about just with NGOs and with farming unions and the usual suspects but directly with farmers who are operating this on the ground floor. Nobody has done more of that than Janet.

Q105 **Chair:** This Committee had an online panel with some farmers who were doing the pilots and the feedback was very good in terms of the way the scheme works and the accessibility. One question that did come up was about the draft standards and whether it would be possible to publish some of the draft standards at an earlier stage. The people we spoke to were the enthusiasts. It is the rest of them, people like me, that may need to be given a little bit more foresight of what is going to happen, and also if you do not deliver, if you do everything right but it does not work out the way you want because of the weather or because the seed



does not germinate or something.

**Mark Spencer:** We are so close to being ready to do the whole thing now it would be daft to do the job half-cocked. Let's get it right and do it properly. We are quite close to that and I think that I can commit that before Christmas we should have a lot more meat on the bone and be able to roll out those details.

Q106 **Steven Bonnar:** Hello, Minister. Thanks for your attendance. Still on the sustainable farming initiatives, to what extent are the SFI standards supposed to reward farmers for public goods that they are already delivering compared to, say, delivering additional environmental benefits?

**Mark Spencer:** That is a very good question. It is about striking that balance, isn't it? The parable of the prodigal son comes to mind. What we do not want to do is to punish people who have done the right thing for generations and for decades but, of course, we do want to motivate fresh outcomes and new outcomes and better outcomes. We are trying to walk that very tight line between making sure that you are not penalised for having done the right thing but enthusing you to go on and do more. I think that there will be a mix of both in these schemes, rewarding people who have done the right thing and encouraging others to follow that good example. There are some inspirational pioneers out there who have done really good stuff. It would be a tragedy if they were not rewarded for that pioneering work.

Q107 **Steven Bonnar:** The Committee has previously heard concerns about overly strict enforcement of CAP rules by the Rural Payments Agency. What practical steps are you taking to change the culture of enforcement to create a more collaborative approach?

**Mark Spencer:** Again, that is really important because the fear of overzealous regulation is one of the barriers that stops people getting involved in these schemes. Anecdotally, I can say to you as a constituency MP that I think that the number of concerns and complaints I have received has definitely plummeted, certainly over the last two or three years. Ironically, our exit from the EU has allowed us to be a bit more pragmatic in that approach and a little bit more flexible.

We are all human beings; anyone can make a mistake. DEFRA has got much better at identifying those who have made a genuine mistake and assisting them in putting that right rather than an overzealous clamping down on that. If you commit a deliberate act of—I do not want to use the word "fraud" but if you try to mislead the Department and you are a bit naughty in your application, then you will face the full regulation of the Department and we won't let you get away with that. If you make a typo on a form or something goes missing in the post, then we will work with you to try to resolve that. Janet, do you want to add anything?

**Janet Hughes:** I was just going to say that the RPA takes a lot of criticism for this and it is a wider problem. The root cause of some of these issues is in the way we design the schemes. If we make the



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schemes very prescriptive and say, "You must do exactly this thing and only this thing", then the RPA has to enforce that. Some of what we are doing about this issue is about making the schemes more flexible and workable so that then that provides the space for the RPA and others to operate with more discretion and a bit more of a pragmatic partnership-based approach.

In addition to that, RPA colleagues have been doing a lot of work, particularly in recent years, to take a more proportionate approach. We have changed the rules on cross-compliance so that we do not have these paperwork errors being disproportionately punished and that we target enforcement to where it is needed. That has resulted in a big drop in complaints, an 85% drop in formal complaints about cross-compliance just in one year alone, due to that work. It has happened across policy and delivery in that area.

**Steven Bonnar:** The Minister might have alerted us to a benefit of Brexit there. I am not sure if that is the case, but we will keep a close eye on that because if it is, I think that is the first one I have heard of, Minister, so well done you.

**Mark Spencer:** I can supply you with a whole list, Mr Bonnar, if you want.

**Steven Bonnar:** Please do.

Q108 **Chair:** Following up on the prodigal son point, there are some concerns about the uplands where pretty much people tell me they want farmers to do exactly what they have been doing for the last 100 years, whereas we have seen in Scotland in parts, in Dumfries and Galloway, the conference that Janet and I went to in Hexham, we heard that large tracts of upland are being planted with trees, some of which is attracting Government funding and some of which is carbon sequestration. Can you say what the future of the uplands is? Henry Dimpleby came to the Committee and said that only 2% or 3% of the calories are produced on 20% of the land. Why should we farm this land? We should be putting in trees and doing all sorts of other things. Is that your line of thinking, Minister?

**Mark Spencer:** That is not my line of thinking. The tourism industry depends upon those beautiful rolling hills. If you go to North Yorkshire and you see those fantastic stone walls and the beautiful rolling dales—

**Chair:** And the moors in my constituency.

**Mark Spencer—**they are only there because of sheep farmers. If you haven't got sheep, you haven't got stone walls. We want to make sure that we keep that beautiful landscape. What we will not do is we will not fund schemes that do damage. You would not be able to plant trees on peat, for example, or you would not be able to create a salt marsh on a peat bog. We will make sure that we do not fund things that would be



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considered to be damaging to the environment. Scotland is pretty good on this stuff, where getting permission for huge tree plantations now is quite challenging, I think, on some of those moors.

**Steven Bonnar:** We still plant more trees, I think, than anywhere else in the UK but it is getting a bit more difficult to implement.

Q109 **Chair:** Certainly, patches of trees are good, although I was on a farm north of Whitby last week and there was a lot of concern from Natural England that the planting of trees will encourage foxes, which then would predate upon the ground-nesting birds. There was one environmental group saying, "Plant trees" and another group saying, "Don't plant trees because of the predation that that could lead to".

**Mark Spencer:** Trees are a very good way of sequestering carbon but they are not the only answer to that challenge. It is about, as you have identified, getting them in the right place and everybody doing their bit, if you like. If you over-mandate that—I think that the Welsh Government are in danger of doing this. They are insisting on 10%, I think, of land being put down to trees on each individual unit. I think that is an over-prescriptive way of doing it. You have to encourage it in the right places. A bit more carrot and a bit less stick I think is the right answer.

**Chair:** We have not mentioned the Lake District in Cumbria, which is almost as beautiful as Yorkshire, so we will go to Neil Hudson.

Q110 **Dr Neil Hudson:** Thank you, Minister and Janet, for being before us today. Can I first of all put on record again my thanks to Janet for all the outreach that she has done across the country, not least in the series of meetings that I have hosted with farmers in Cumbria? It is greatly appreciated, so thank you very much for that.

First of all, Minister, could I come back to your answer to the very first question when you talked about the phasing out of the Basic Payment Scheme over the next seven years and then the phasing up of ELMS? One of the big anxieties out there is in that crossover and whether there will be any cliff edges. Can you give reassurance to farmers and rural stakeholders that in that transition there will not be any cliff edges in payments to give people anxiety?

**Mark Spencer:** Obviously, there is a big cliff edge in seven years' time in that the basic payment will have gone.

**Dr Neil Hudson:** I am talking about the transition of seven years.

**Mark Spencer:** We are very keen to try to make that glide path as smooth as possible. As long as, as a farmer and land manager, you embrace the new schemes and you embrace the new world, you will see a smooth transition between one and the other but that requires you to take action and to embrace the new schemes that are available. You may choose as a landowner or a farmer not to do that, to walk away from those environmental schemes, and then you will face a reducing amount



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of taxpayer support. We want to make both glide paths as smooth as possible.

**Dr Neil Hudson:** Do you have anything to add to that, Janet, in terms of that transition?

**Janet Hughes:** Yes. The devil is in the detail on this and we have to make sure that everybody has a path through this and that we can provide people with a smooth path through. Some of the work we have been doing has been looking at those who are already in a scheme and what the path looks like for them. We know that there is concern about what happens at the end of those schemes and we will be publishing some more information about that shortly. For those who are not in schemes yet, we have to make them accessible, straightforward and attractive so that people are attracted into them, but our ambition is certainly that there is no cliff edge, that it is all predictable, stable and easy to engage with and there is a smooth path for everyone through the transition. Part of what we are doing with that is paying for free business planning advice for any farmer who wants it so that each farmer can decide what it is that they need to do for their business. That will be different from business to business.

**Mark Spencer:** It is about making sure that farmers are informed and they know. Every farmer who was in receipt of basic payments should have had one of those leaflets physically so that they can start to get warmed up to this stuff.

**Janet Hughes:** I have brought some if you would like them.

**Mark Spencer:** We can pass those around. The feedback so far is that people are quite keen to engage.

Q111 **Dr Neil Hudson:** Thank you very much. We have heard from many witnesses through this inquiry and in previous stakeholder group meetings we have had that the payment rates for the Sustainable Farming Incentive are currently woefully low and that piloting farmers would not have joined the scheme without the initial learning and development payment. With that in mind, do you think that you can hit your target of 70% uptake at the current payment rates?

**Mark Spencer:** Obviously, we have not published those payment rates at this moment in time. We have received those messages. I would just pivot back to something that Mr Bonnar said earlier about overzealous regulation and overzealous enforcement. There are other barriers to joining these schemes other than that it is not enough money. There is a cost-reward equation that farmers go through and if they feel as though the money that they will receive is at a risk of inspection or an overzealous plan to recover that money because they are six inches out with a measurement, then that cost-reward calculation will tip the other way. It is not just about the payments, it is about making sure those



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schemes are easy to understand, deliver and engage with. However, we have received messages that say those payments are a little bit too low.

**Dr Neil Hudson:** With that in mind, do you think that you can hit your 70% target?

**Mark Spencer:** I think that we can, given all the caveats that I just laid out. This is not a promise to increase those payments, but if we were able to do that, combined with reducing the risk of those other challenges, then I think that we can develop quite a lot of enthusiasm.

Let me give you a practical, real-world example of that. It is quite tempting as a farmer to cut your hedgerows as soon as you possibly can. The reason for that is that in the winter if it turns wet you leave ruts everywhere and you make a right mess. You want to get on with it and get the hedges cut. If we can devise schemes whereby you can put in margins next to those hedgerows that are built up with quite a heavy matting of vegetation that is beneficial to insects and birds, you can then go and cut your hedgerow in the winter running on those margins rather than in the middle of the crop. If you are paid to put that margin in, it has the added benefit of increasing insect populations and bird feeding opportunities and you then leave all the berries on those hedgerows for the birds all the way through into January. That seems like a win-win for the farmer and for birds and insects.

Q112 **Dr Neil Hudson:** We have come through the piloting phase and you are optimistic that you can meet the target. What is the level of uptake at the moment? Janet, do you have figures for that?

**Janet Hughes:** For the Sustainable Farming Incentive?

**Dr Neil Hudson:** Yes.

**Janet Hughes:** Yes, I do. We have 849, I think it is, farmers in the SFI pilot, which opened last year. We opened the main scheme for applications at the end of June this year, beginning of July. We had a period of controlled rollout for two months where you had to go via the RPA and we have now opened it up so almost all farmers can go online and apply straight away, except those in commons who still in some cases need to go via the RPA.

What we have seen so far is that we have had just under 1,500 completed applications and we are turning those around—one of the things we learnt from the pilot is how to turn those around much more quickly—in less than two weeks and often much quicker. We have had 1,500 and more than 1,100 of those are already live in their agreements and some of them have already started to get paid. We have had another just under 2,500 that have started and not yet finished their application. From our research, what we understand that to be about is people saying, “I was not quite ready to press go and I was not quite ready to



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commit. I do not want to start yet". We are confident that they will also play through.

**Dr Neil Hudson:** Those are absolute numbers. What percentage do we have of uptake so far overall?

**Janet Hughes:** In total in environmental schemes we are over 30% already. We are aiming for 70% by 2028. As the Minister said earlier, we have seen an almost doubling of farmers coming into Countryside Stewardship in the last three years because of the simplifications we have done and because of the improvements we have made, we think, and because more and more farmers want to do these things as well independently. SFI will continue to add on to that over the coming years.

At the moment, we can see a clear path towards our 70% uptake but it is challenging. It would be easy to get 70% uptake if you just gave everybody money for what they were already doing. It is not easy to get 70% uptake if you are genuinely trying to deliver outcomes, and that is the balance we have to strike as we go through this.

Q113 **Dr Neil Hudson:** We hear single figures bandied about in various sectors in terms of a percentage, but you do not recognise that? You would say that we are up to about a third of people are enrolled?

**Janet Hughes:** In schemes, yes. SFI only opened a couple of months ago, so obviously that is not at 70% yet. The target for that is 2028. We expect it to build slowly at first and then increase as with adoption of all new things. We are confident that we will get there and we are happy with the uptake so far. The thing that we are really happy about so far is the positive feedback we are getting from those who have engaged with the scheme, who are telling us that they are pleasantly surprised by the application process and it is all very straightforward.

**Mark Spencer:** We can send all the leaflets out we like and as much positive media as we like, but farmers talk to each other. They will talk to people who are involved in these schemes and our best salesmen are those people who have engaged with it and like it.

Q114 **Dr Neil Hudson:** Thank you. That is very helpful. We have heard particular concern that the payment rates did not reflect the capital costs that farms face in reaching some of the standards. How will the capital costs be reflected in the payment rate in the future?

**Mark Spencer:** We are looking at those figures. What is important is that we deliver certainty. I have heard people say, "Why don't you push them all up with inflation or why aren't they index linked?" That, of course, is a two-way street. These things can go down as well as up. I think that what farmers want is to be able to budget and have certainty as to what they are going to get at the beginning of that project and that is what we intend to deliver.

Q115 **Dr Neil Hudson:** Apologies, Minister, I am going to come back to the



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payment rates. You have touched on it before, but the NFU has argued that its research has shown that the SFI payment rates are not sufficient to incentivise any change in farm practices to deliver the SFI. The NFU has argued that the current payment rates are based on 2018 forecasts that production costs would fall and farmers' outputs would increase. Given that this has not exactly happened, will you review the assumption on which the payment rates have been set? I know that you have said that this is under review. Is this part of the fine-tuning that you talk about?

**Mark Spencer:** I do not recognise the 2018 figure; I do not know where that has come from. It was not based on anything from that period. These are figures that we have estimated are the real costs of delivering some of these projects. They need to be realistic but some of them, if you are being paid for improved fencing, for example, you need to recognise that there is a huge benefit to the livestock farmer of having improved fencing on their unit. Should the Government pay for the whole tab and for the whole of the labour involved? It is pretty difficult to argue to the taxpayer that they are paying for improved fencing on a livestock farm when a fundamental part of being a livestock farmer is having good fencing. If the Government can contribute to that and assist in that process to make sure we have environmentally beneficial fencing, then that seems like a good thing to do but they cannot pick up the whole tab. It is about motivating people to do the right thing and some of this is good farming practice that we want to encourage across the whole country.

Q116 **Dr Neil Hudson:** You cannot give promises that the payment rate will change, but in terms of the fine-tuning that you are looking at, can you give reassurances that the Government will keep it under constant review and tweak those payment rates if need be?

**Mark Spencer:** Of course. These things are always under review. We want all these schemes to be successful and in order to do that we will continue to engage with farmers who are participating and those who aren't to work out what is motivating them.

Q117 **Dr Neil Hudson:** I guess the message would be the more people who engage, the more feedback and data you have to then be able to adapt moving forward. Is that right?

**Mark Spencer:** Yes. We love engaging with farmers. We are pretty good at it, I think, and they are pretty good at it as well.

**Chair:** You will soon notice if people stop fencing or stop putting roofs on their slurry stores if the payments are not there. Julian Sturdy wanted to come in. Declare your interests first, please.

Q118 **Julian Sturdy:** Yes, that is a very good point, Chair. Thank you for that. My interests are that I have a working farm and I am involved in the stewardship scheme as well.



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I have two quick points. Janet, you talked about the uptake. Could you clarify the uptake? Is that into the new SFI scheme or is that also people going back into stewardship? Secondly, how are you going to manage that transition from stewardship into SFI? Do you see that as an issue or not going forward? Sorry, I am adding more questions here. Could the two run in parallel?

**Janet Hughes:** On the uptake, the numbers that I read out for you is the uptake of the Sustainable Farming Incentive since it has opened. That is in addition to the applications for Countryside Stewardship that we have seen this year, that will take the total number of stewardship agreements up to 36,000 agreements in schemes in total. That will be 36,000 agreements in the stewardship plus the ones I read out for SFI, so we are getting close now to 40,000 agricultural holdings and agreements.

On the relationship between Countryside Stewardship and SFI, one of the things that we have improved since the pilot is that you can have both on the same parcel of land as long as we are not paying you for the same thing twice and the two actions are compatible. If you have a Countryside Stewardship margin around the edge of your field, you can have an SFI option in the rest of the field. When you log on online it shows you which land is eligible for SFI based on what you have in CS. You can stack them and that is the intention going forward. The idea is that SFI pays for actions that can be undertaken by any farmer anywhere and we want to see them adopted at scale in order to get the outcomes, so nutrient management, looking after soil, pest management and so on, whereas Local Nature Recovery will pay for more locally targeted, habitat-specific, advanced types of options. You can do both and the idea is that they sit alongside each other.

In terms of the transition from existing schemes to new schemes, we have made some new arrangements this year where we are extending existing agreements to say that you can exit at any time to enter into one of the new schemes with no penalty. That is a new rule that we have put in place now that everything is on domestic terms. If you are a high-level scheme, which might finish at any month in the year, some farmers have been worried about moving from there to Countryside Stewardship or new schemes that do not start until 1st January. Now we have that flexibility.

We are trying to make that transition as smooth as we possibly can, and for those in existing schemes they must not lose out on the options available in new schemes. As long as we are not paying for the same thing twice, they can come into those new schemes as well.

Q119 **Julian Sturdy:** I have a very quick question on that. Are you seeing a larger uptake in the SFI schemes from existing farmers who are already involved in the stewardship schemes?



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**Janet Hughes:** I would have to get you the figures and I will happily send you a note afterwards, but no, I don't think so. I think we have a good mix. We are seeing new people coming into that scheme.

**Julian Sturdy:** You are seeing new people coming in?

**Janet Hughes:** Definitely, yes.

**Julian Sturdy:** Okay. That was the point of the question.

**Janet Hughes:** Yes, we are seeing a mix but I do not have the numbers at my fingertips so I am happy to send you a note after to give you the split.

Q120 **Julian Sturdy:** Thank you. I have a quick question following up from Neil's question, Minister. I wanted to look at the rotational options and the cost. For rotational options, obviously the costs have increased because of diesel and seed prices. One example you could use is over-winter cover crops and things like that. The physical costs of rotational options will have increased. Is that going to be something that you will take into consideration going forward?

**Mark Spencer:** Yes, it is fair to say that one of the huge costs that farmers have seen is an increase in the ammonium nitrate price. Having a cover crop is a good way of rolling over available nutrients within your soil for the spring. Again, it is a two-way sword, isn't it? Let's not just pretend that all these things are a cost; there are some huge farming benefits to undertaking some of these practices that will assist farmers in that battle with those rising costs.

Q121 **Robbie Moore:** For the record, while I do not, I do have close family members who receive Basic Payment Scheme moneys from being involved in farming.

I want to focus on the Rock review. Baroness Rock has done a fantastic report focusing on the tenanted sector and how it interacts with ELMS. What recommendations do you feel that you may be taking on board as a result of the Rock review and in terms of helping the tenanted sector get more involved with ELMS, particularly when we are seeing FBTs, very short-term bare land, about three years. It had some good recommendations in there. I am interested to see what DEFRA will be taking on board.

**Mark Spencer:** Off the top of my head, there were 74 recommendations in the Rock review. Is that right?

**Janet Hughes:** It was 81.

**Mark Spencer:** Okay, I underplayed her. It is a huge report with a lot of good stuff in that. We will respond in the new year probably to the Rock report formally, but there are some very reasonable suggestions in there, as you suggested.



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One of the things that I think we will take on board is this relationship between tenants and landlords, tenants who are engaging in some of these environmental schemes, so that they do not necessarily have to have the permission of a landlord to engage in these schemes and there will not be a penalty. If you take on an FBT of three years and you sign up to a five-year agreement, then you will not be penalised if you lose that land at the end of the three-year FBT. We will show a bit of flexibility on that. As long as you are not taking on a tenancy and then planting a wood, you would not need the permission of the landlord to engage in these schemes that are part of good farming practice.

**Q122 Robbie Moore:** While I know that the Department will be responding, as you say, in due course in the new year, are there any timeframes that you are able to indicate at the moment as to when we are all likely to hear about specific recommendations that you have already mentioned that could provide some reassurance to the tenanted sector at the moment?

**Mark Spencer:** That will come out pre Christmas. The formal response to the Rock review will be next year, but the schemes we are about to roll out with all those details I hope we will be able to do before Christmas.

**Q123 Robbie Moore:** The Rock review also focused on a lot of other recommendations, not just specifically around ELMS but to do with tenancy reform. I know that that is something that we could almost have another session on, but are there any other considerations not necessarily linked directly to ELMS but linked to longer-term transformational change within the tenanted sector that you are able to indicate you might look at at the moment?

**Mark Spencer:** We are looking at all that. There is a lot of good stuff in that report, but I am not in a position to be able to respond to that formally today. It does need a lot of consideration and due consideration, and we will be able to respond formally to Baroness Rock's report next year. We are trying to harvest some of those low-hanging fruit, if you like, in these schemes where we can.

**Q124 Dr Neil Hudson:** I have a couple of quick questions. There is some perception out there that in some parts of the country tenant farmers are not having their leases renewed and big landowners are not renewing that so that the landowners can then come into these schemes and the land will not be farmed. Are you picking up any intelligence to the level of that perception?

**Mark Spencer:** I have also heard those anecdotal rumours but that has not been our experience. Of the schemes we have rolled out, there are not—I do not want to use the term that there aren't any examples because there is always one exception to the rule, but our experience is that it does not seem to be the direction of travel.

**Q125 Dr Neil Hudson:** Minister, you have heard that as well, but do you agree that if there is reality to that, that is concerning, isn't it, if tenant farmers



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are not able to renew?

**Mark Spencer:** We have to have that balance right. If we go right to the beginning of this meeting, we have to have that balance right between food security, food production and environmental benefits. That is best done, in my opinion, unit by unit rather than zone by zone. Taking whole farms back in hand just to plant trees on them would not be the right outcome, I think.

**Chair:** Or wind or solar panels.

**Mark Spencer:** Yes. Obviously, planning is an issue for the Department for Levelling Up, Housing and Communities, but Janet will have the direct figures as to what is happening.

**Janet Hughes:** We are hearing worries about that and there are certainly anecdotal examples of it, mainly in Wales and Scotland rather than England, where the situation is a bit different in terms of the policy environment, the economic environment and the physical environment. We do not think that it is happening at scale in England and where there have been examples of that we have also had landowners getting in touch, some of the larger ones, saying that this is not the full story, there are two sides to this story. We do not think that those fears are materialising at scale, but we know that it is something that the Tenant Farmers Association, for example, is concerned about. We work closely with them to understand what that concern is and whether there is any evidence behind it and keep those things under review as we go.

Q126 **Dr Neil Hudson:** If those fears do materialise, is there something that Government can do to try to mitigate?

**Mark Spencer:** As I say, these things are always under review but our polishing of these schemes is one of the tools that we are using to not have unintended consequences.

Q127 **Dr Neil Hudson:** I declare an interest as a veterinary surgeon with a very strong interest in animal health and welfare. Janet, do you have any feel for the uptake so far of the Animal Health and Welfare Pathway?

**Janet Hughes:** Yes. At the moment, we are having a controlled rollout of that like we did with the Sustainable Farming Incentive because we want to make sure, learning lessons from the past, that we take a test and learn incremental approach to rollouts so we do not have any fiascos, as there have been in the past, or failures of the past. At the moment we are only making it available to a very small number of farmers to test both the concept of the visit and the system. That is working well. We are getting good feedback. We are about to go to the next stage. We will be scaling it over the next few months and making it available to everybody as and when we are ready to do that in the new year.



At the moment it is not fully open to everybody. We are letting in people in small numbers right now to test the system. It is going well so far and we are optimistic that we will see more take-up as we open it up.

**Q128 Dr Neil Hudson:** Good, thank you very much. Finally, we have talked about tenant farmers. In our previous report on ELMS we highlighted the importance of looking out for tenant farmers, commoners and hill-land farmers as well. Can you both give reassurances to those particular sectors that they will be looked out for and they are a huge part of the equation moving forward in terms of producing food and looking after the environment?

**Mark Spencer:** Yes. We are very keen to engage with all those sectors and all the topographies that England is blessed with. We want to support all food producers and farmers to make sure they are benefiting the environment, they are increasing biodiversity in their area and they are producing great British food for us all to consume and export.

**Q129 Dr Neil Hudson:** There will not be any cracks or anything in the schemes for any of those particular groups, Janet?

**Janet Hughes:** No. We are blessed with some very sophisticated stakeholders in all those areas and farmers who want to work with us in all those areas to make sure that what we are doing will work. For example, in the Sustainable Farming Incentive we put in place a number of new flexibilities to make sure the scheme is fully accessible to tenant farmers in terms of agreement length, being able to exit early, not requiring landlord consent, making sure that the actions can be undertaken within the likely contractual restrictions if you are a tenant farmer, and other such matters. That is for tenants.

On commoners, we have been working with a group of experts on that, including commoners. We have worked out how they can access the Sustainable Farming Incentive. There are many commons in existing schemes. What we want to do is to build on that and make sure we do not leave any behind accidentally or create some kind of hiatus for them, which we absolutely do not want to do.

Then for hill farmers we are talking about making sure that we are offering expanded scope because many hill farmers will already be in schemes. We want to make sure they can do more and go further and get paid for doing that and also make sure that the scheme works if you are a small tenant upland farmer. That combination of factors gives you some special considerations. We are working with nearly 5,000 farmers through test and trials, pilots and other engagements. We have our ongoing engagement with stakeholders. We are out and about all the time, as members have mentioned.

We are looking at those groups, but they are not the only groups who are concerned. They are the ones who are most commonly mentioned, but we want to make sure that these schemes work for all farmers. It is very



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important that lowland grazing livestock farmers, for example, are able to access these schemes, too. It is about making sure that it works for everybody and there is something in there for everybody.

**Chair:** I think that Julian Sturdy has a follow-up question on this topic.

Q130 **Julian Sturdy:** Yes, thanks. It was just a comment that the Minister made about planning. I wondered what conversations you are having with the Department for Levelling Up, Housing and Communities about planning going forward, for example, on solar panels on certain woodland applications and things like that. Is there that dialogue going on between the two Departments?

**Mark Spencer:** We engage regularly with lots of other Departments I think is the woolly answer that I would want to—what I do not want to do is set too many hares running here, but rest assured that we are having enthusiastic conversations with that Department to make sure that we get the right balance.

My personal view is that I do not think that we should outright ban solar panels on farmland. There will always be an example where if you are doing a small farm diversification you might want to put a solar array next to that farm diversification to give renewable energy to that diversification. Blanket bans never work, but there is a huge challenge in some parts of the country where there are some very large-scale developments that are inappropriate in their size and scale. I hope that DLUHC will be looking at that in the levelling up Bill.

Q131 **Chair:** I think the concern is that where you have a tenant farmer with a traditional three-generation tenancy that because the rules are there that if land is developed, which previously meant housing or maybe a bypass or something, the tenancy could be removed. We have cases where tenants are being told they are going to be evicted from their farm to build solar panels and the only justification for that location is the proximity of a substation. I hope that you will take that up with Ministers in other Departments.

**Mark Spencer:** Yes. It is a DLUHC responsibility so it may be worth at some point having one of its Ministers before you to discuss. I fear to tread into their area because I would be a bit grumpy if they tread into mine.

Q132 **Rosie Duffield:** Can you update us on the progress being made by Local Nature Recovery and Landscape Recovery, please?

**Mark Spencer:** Yes. I think that we are making pretty good progress, to be honest. People are enthusiastic, yes.

**Janet Hughes:** Do you want me to give some detail?

**Mark Spencer:** Go on.



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**Janet Hughes:** Landscape Recovery is the scheme where we are paying for larger-scale, longer-term projects. We let our first round of projects and awarded our first round of funding. We said we would do 10 to 15 projects; we actually ended up awarding 22 contracts because we had so many high-quality applications. Almost all of them were groups of farmers working together producing food and taking care of nature. We were really pleased to see that result. Collectively, those projects cover more than 40,000 hectares. Half of them involve tenants as well, which we are also pleased with, going back to the conversation we were just having. They will restore 700 kilometres of rivers, with more than 260 species to be restored.

What we have done is award the funding for those projects for the first two years of project development time and at the end of that time they will be eligible to apply for longer-term funding. That has all gone well. We have had good feedback about it so far and we were very pleased with the range of projects that we managed to attract and the quality of the applications. We were only sorry that we could not fund more in that round and we want to make sure that we have another round in order to allow that opportunity. We will share further details about that in due course.

On Local Nature Recovery, that is the successor to Countryside Stewardship where we are paying for an expanded scope of actions. We are going to be offering a better service in terms of flexibility, fairness and accessibility, and we are seeking to introduce the targeting methods that I mentioned earlier around spatial targeting, local join-up and potentially an element of payment by results.

We have been testing and trialling various aspects of that scheme with farmers in the test and trials programme that we run and we have also been working in-depth on what the extended scope is that we need to pay for. In tandem with the development of the Environment Act targets, we have been developing the scope of the schemes to make sure that there is read-across between the two, and we are planning to publish more information about that before the end of this year, as we have said earlier. We are on track to roll that scheme out over the next couple of years. We are going to do all the things that we have just outlined there on the timescales that we have set out.

**Mark Spencer:** Anecdotally, it is also worth saying that I am meeting farmers who are saying that they were invited to a public meeting where they were meeting up with other farmers to discuss how they can bid for some of these things and how they can co-operate to pull bids together. Out there in the real world there are lots of people who are looking to co-operate and put these joint bids in.

Q133 **Rosie Duffield:** We had a briefing from the RSPB and it was specifically asking whether those schemes are going to be more ambitious than the Countryside Stewardship scheme and will they definitely be able to



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deliver the environmental targets, but that is pretty much what you have just said.

**Janet Hughes:** Yes. RSPB and others have been really helpful in challenging us to make sure that we are doing that and helping us to construct the schemes in a way that is going to deliver. What we have to do with the schemes is we have to make sure that they work for farmers and are attractive and accessible to farmers, otherwise we will not see the uptake that we want to see, that they deliver the outcomes to justify the funding and to get us where we need to get to in the statutory targets, that they are affordable and provide value for money, and that we can operationally deliver them in an effective way. What we are always doing when we are designing these schemes is balancing those four considerations to make sure that we are doing all those four things at the same time around farmers, outcomes, money and operational delivery.

We published some information earlier this year about the outcomes that we were intending to achieve. We did that in January through a written ministerial statement. We have been working in close collaboration with our colleagues working on the Environment Act targets to make sure that what we are doing is aligned to that. We will be able to publish more information, as the Minister says, once this target is set about what the contribution of the schemes will be. We think that that will offer the assurance that RSPB and others are looking for.

Q134 **Julian Sturdy:** How will the Local Nature Recovery Schemes be aligned with the local nature recovery strategies created through the Environment Act?

**Mark Spencer:** I think that county councils are responsible for some of the local aspirations. Of course, we want them to try to line up. We want them to try to align so we will encourage schemes that are lined up with those local aspirations. I do not really want to be too prescriptive with those schemes. We want to give flexibility to farmers to make sure they can choose from the model that suits them best. What we will not allow, as I hinted at earlier, is schemes that are damaging, for example, that are inappropriate in those areas, but we will give enough flexibility for farmers to choose the bits that they want to choose and to engage with the bits they want to engage with. Local authorities will want to give their own steer into what they want to see in their own local community, so we will hope that they align.

Q135 **Julian Sturdy:** To clarify what you are talking about that might be damaging, are we also bringing the local economy into that as an issue as well? You have talked about tourism; you have talked about North Yorkshire, the Dales, the Lake District, different parts of Scotland and things like that.

**Mark Spencer:** I am talking more specifically. Planting trees on peat is the best example; we would not want that. I think that creating a salt



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marsh on peat would be the wrong thing to do. There are examples of where we would not want that to happen but we want to give as much flexibility to farmers as possible to pick from the array of carrots that we are offering.

Q136 **Julian Sturdy:** The local economy, potentially a tourism economy, might not be in that at the moment?

**Janet Hughes:** We do pay for elements to do with access and heritage. For example, in the SFI pilot we have some stone wall standards where we are looking at continuing the investment that we have, but we cannot speak to what each local authority and local community will do when they are setting their local nature recovery strategy and what they will take into consideration. The particular things that we are trying to achieve are about productivity and food production and these environmental outcomes. That is our particular focus.

**Mark Spencer:** I suppose that if you are farming in Staffordshire near the national forest, then Staffordshire County Council would want to encourage farmers to think about planting trees in that area. It may be able to pull together farmers and landowners in that area and say, "Are you aware that DEFRA is giving a bit of funding for this?" It is about encouraging county councils to engage with landowners and farmers in their area and point them in a direction and encourage them to participate in these schemes.

**Janet Hughes:** One other thing that I should have said is that it is worth saying that obviously we understand that farmers play a vital role in local economies and communities. Part of what we are doing here is about farms having a positive viable path forward and that the things that we are paying for help both the farm to be viable and food production and those environmental outcomes. You would expect that to have a positive impact on economic growth in the area. It is not that we do not consider it at all, but our primary focus is the areas that I mentioned.

Q137 **Julian Sturdy:** My broader point was about the point that was made earlier about the upland farms. We know that upland farms without support will seriously struggle going forward, but the fact that they are there and the diversity that they have created has created a huge tourism element within the natural landscape around many communities and many areas. If that goes, that will be a huge loss not only for the farming community but also the wider community and tourism going forward.

**Janet Hughes:** I would point you at the Farming in Protected Landscapes Scheme that we have funded, which allows those areas of natural beauty and protected landscapes to fund projects in those areas. That does have a broader remit and those projects have developed in a more bespoke, locally negotiated way. The national park in that example would be able to agree with the farmer or group of farmers what is the



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particular thing they are doing and how it matches the wider priorities of the national park authority. There is that wider funding available.

Q138 **Chair:** The Local Nature Recovery Scheme, which is the successor to Countryside Stewardship, will only be open to people who have joined the SFI scheme—is that correct?

**Janet Hughes:** No.

**Mark Spencer:** No.

Q139 **Chair:** That is encouraging. On our farm we have just rolled over our stewardship for five years, which will take us beyond the end of the transition. Will there be an opportunity to switch over and that will work quite smoothly?

**Janet Hughes:** Yes. There will be no penalty for doing that. Previously, there would have been penalties for leaving schemes for any reason at all. Now that we can put all the schemes on to domestic terms from 1st January, because we have finished spending the European money, we can have all scheme agreements on domestic terms and we are able to offer that flexibility. What we were trying to do with offering five-year extensions was that farmers were saying to us, “One-year rollovers do not really give us the certainty and ability to plan that we want and it is making us worry that you are not going to offer us an extension one year”. We are offering five years but you can jump to the new schemes. We are hoping that we will entice everybody to do that by making the new schemes much better.

Q140 **Dr Neil Hudson:** I have a very quick supplementary—it is like “The Two Ronnies” sketch—going back to two answers previously. Janet, you mentioned farming in protected landscapes. Do you have a status report about uptake on that and your feelings and thoughts on that?

**Janet Hughes:** Yes. There has been about 1,000 projects supported on farming in protected landscapes. They have supported 25 new farm clusters, which is great—we love farm clusters—and 62 existing ones. Just as an aside, we think that farm clusters are a great model and there are lots of good examples of them delivering fantastic results. There are about 1,800 farmers involved so far in that scheme and they have planted, I am told, 88,000 metres of hedgerows, 5,700 metres of drystone walls have been restored, 78 educational access projects and 200 projects to reduce flood risk. We have had positive feedback about that scheme. What people like about it is the local specificity, the contact with somebody local to talk to about what you are going to do, the feeling that it is supportive and backing people. We are trying to take the learning from that to make sure we apply it more broadly so that we can make the new schemes have as many of those features as possible as well.

Q141 **Dr Neil Hudson:** Coming back to Julian’s comments about the various different stakeholders that we have mentioned today, the commoners,



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the tenant farmers, the upland farmers, some of these schemes, particularly things like farming in protected landscapes, are really tailored to try to support some of these farmers who really are farming on the edge but are so vital to the fabric of our rural society?

**Janet Hughes:** Yes, absolutely.

Q142 **Julian Sturdy:** Sorry, Janet, following on from your response to Neil, there are some really good figures there, some really encouraging figures. You touched on the flood resilience schemes. What is the working relationship like with other bodies such as the Environment Agency in how joint funding schemes can go forward, or maybe even more than joint funding because we have the water companies as well who are coming in and wanting to put together schemes potentially for cleaner water?

**Janet Hughes:** First of all, what we want to do is to make it much clearer to people what funding is available so that you do not have to have a PhD in DEFRA policy speak to find out what grants there are going to be and pay someone to tell you that when we could just put it on the internet where people can find it or tell people directly. So there is clarifying what funding is available.

Then there is making sure that the different things that we are offering can be stacked on top of each other. That is important within the DEFRA group so that farmers can choose what the right combination of things is for their land, but also between what we are doing and the private sector. We do not want to crowd out private funding. We want farmers to be able to have, say, some income from a water company for some of the things they are doing, income from Government for others, maybe carbon credits for others. There are more entrepreneurial farmers already going in that direction, but there is a wider policy question about setting the rules of the game of how those markets work, which colleagues of mine are working on. That is for the funded schemes.

Then in respect of regulatory improvements, we have an improvement group within the DEFRA group where we are talking across all the arm's length bodies about how we can improve the way regulation works. We have been working with the Environment Agency where it has been trialling both an increased number of inspections but much more targeted where there is serious breach, and a more partnership-based approach to inspection and enforcement. One of the schemes that has been successful on that front is catchment-sensitive farming, which is a joint NE-EA venture. That covers both regulation and schemes. I get really good feedback from farmers about that because they find that the people turning up understand farming and understand how to get money and understand how to plan what to do about water on your farm and can help. We have expanded that scheme to cover the whole country now, not just priority areas, to build on that success.



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A lot of what we are doing in the programme is about finding things that work and then shoring them up and expanding them. There is lots of stuff that works out there. We do not need to invent much new, we need to just find the stuff that is working and make that better.

**Q143 Julian Sturdy:** In a nutshell, can you commit to saying that the new scheme will be adaptable to private funding coming in from water companies or work with the Environment Agency and it opens it up to other funding streams as well?

**Janet Hughes:** Yes, and we have put that rule specifically in the Sustainable Farming Incentive scheme that you can have that. You can have that mixed funding. The thing to watch out for here is nobody in the market wants to pay for the same thing that somebody else is paying for. The Government do not want to and the private sector does not want to. What we have to work out is how we make sure it is clear what each party is paying for so it does not crowd out any of the other parties. There is some complexity in that because these are new markets and they are developing now. We are developing our policy so we have to do that in a way that works hand in hand.

**Q144 Chair:** That was certainly the case in terms of carbon sequestration where somebody might get paid by British Airways to plant a tree and get paid by DEFRA. We talked briefly about hedge planting, which is one of the most obvious public goods that we could encourage. There is a perverse law of unintended consequences that comes into play here because if you plant a hedge you lose two metres of cropland at each side, whereas if you have a wire fence you can farm to the wire. Have you looked at how you can help farmers to plant more hedges by not punishing them in some ways by taking land away at the sides of the hedges, or maybe compensating them for doing that?

**Mark Spencer:** The opposite may well be true: that planting a hedge allows you to have margins either side that you will be rewarded for in some of those various schemes. There are good examples of where farmers have done this and created a natural reservoir of insects that predate on aphids. If you can increase the number of ladybirds and lacewings that you have on that farm, they will fly circa 50 metres each direction. If you have one of those wildlife strips regularly across your farm, there is good evidence that the need for insecticides is reduced dramatically because of the natural predation of those other insects. That seems like a win-win to me. It means that I am keeping the spray can in the store for a lot longer and I am benefiting the environment.

**Q145 Chair:** In terms of the budget for landscape recovery in 2022, I understand that that has been reduced to £50 million from the expected £86 million. Why was that decision taken?

**Mark Spencer:** I don't know where you got that figure from. I do not think that is true.

**Chair:** Is that not a figure you recognise?



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**Janet Hughes:** No, we do not recognise the £86 million figure and we have not reduced funding for landscape recovery. As I said, we have done 22 projects instead of 15 projects for landscape recovery. We are confident that we can fund those and any future rounds that we need to be able to fund to match ministerial decisions.

Q146 **Chair:** Okay, that is good. One public good that we have not talked about is public access. When the scheme was being proposed there was a lot of suggestions that farmers could open up access to their land. One of the concerns about that would be that it is all very well putting up a sign saying "footpath" but people may not walk on it if it is not where they want to go or it does not fit in with other paths in the area. Do you have anything to tell us, Minister, about whether we can incentivise more access, more public footpaths?

**Mark Spencer:** I think that we should be looking at that. There is quite a lot of evidence that access to the countryside gives not only physical benefits but mental health benefits to people, and we should be encouraging people to have access to the countryside. We all have a responsibility to explain that having that access comes with certain responsibilities. That includes sticking to the prescribed footpath and not wandering off into the crop, keeping your dog on a lead so it does not worry livestock, and taking your rubbish home with you and not leaving that when you go out into a rural area. We all want to have the benefits of walking in fresh air in the countryside and to observe and enjoy the wildlife that we see, but that comes with responsibilities. Together farmers, landowners and politicians can spread that message.

Q147 **Chair:** Are we likely to see financial incentives to do that?

**Janet Hughes:** We do have options now for access and educational access and heritage in schemes and we have said that we are expecting to continue that level of funding and support going forward.

**Mark Spencer:** As a sector, speaking as a farmer, making sure the next generation of our consumers have an understanding of how their food is produced is really important. It is one of the criticisms that can be levelled at farmers that we have lost that connectivity with our consumers and that understanding of how and where food is produced. I think that we need to do better as a sector at making sure our consumers are informed.

Q148 **Chair:** There is a lot of talk about things like right to roam and people want to be on a footpath where they know there is going to be a stile or a bridge or, indeed, a circular route to take them back to their car so that they can do that. I think that they would probably be the sorts of schemes that farmers would go for.

**Janet Hughes:** Access is included in the scope of the Farming in Protected Landscapes Scheme as well and there are projects in there looking at that issue, too.



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Q149 **Steven Bonnar:** Just as a supplementary, have you looked to Scotland where, of course, we technically do not have a trespass law, where everybody does have the right to roam? Of course, with that comes a good use of the environment, making sure that we are closing gates behind us and using the land accordingly. I think that there are some good lessons to be learnt there.

**Mark Spencer:** You have to stick to the edge of a field and you cannot go traipsing through the middle of a crop or the middle of a livestock field. It is about getting that balance right and they are best done down prescribed, official footpaths. That is how we should enjoy the countryside.

**Chair:** Thank you very much. That concludes our questions. I thank Janet Hughes and the Minister for coming along. It has been a very helpful session.