



House of Commons

Environment, Food and Rural
Affairs Committee

**Environmental Land
Management and the
agricultural transition:
Government Response
to the Committee's
Second Report of
Session 2021–22**

**Sixth Special Report of Session
2021–22**

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The Environment, Food and Rural Affairs Committee

The Environment, Food and Rural Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Environment, Food and Rural Affairs and associated public bodies.

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Sixth Special Report

The Environment, Food and Rural Affairs Committee published its Second Report of Session 2021–22, [Environmental Land Management and the agricultural transition](#) (HC 78), on 28 October 2021. The Government Response was received on 10 January 2022 and is appended to this report.

Appendix: Government Response

Introduction

The Government welcomes the Environment Food and Rural Affairs (EFRA) Committee's report on the environmental land management schemes and the agricultural transition.

The Government's [Agricultural Transition Plan](#) sets out our plans for a seven-year transition period. During this time we will replace the Common Agricultural Policy and its arbitrary area-based subsidy payments with a new, tailored agricultural policy for England.

By 2028, we want to see a renewed agricultural sector, producing healthy food for consumption at home and abroad. One in which farms can be profitable and economically sustainable without subsidy, and with farming and the countryside contributing significantly to environmental goals including addressing climate change. We therefore strongly agree with the committee that the agricultural transition must 'work for farmers and make a significant contribution to achieving the Government's environmental objectives'.

Under the current system, payments all too often go to the wealthiest landowners, and do not support food security, farm productivity, or ultimately our environmental goals. We will therefore continue to work to re-purpose the farming budget, which we have committed to maintaining throughout this Parliament. Our policies will support the choices that farmers make on their own holdings. Through the environmental land management schemes, we will support the work farmers do as stewards of the environment, alongside grants for animal health and welfare and access to productivity support so they can improve the sustainability of their businesses.

Building on the framework set out in the Agricultural Transition Plan, we have now published more detail on each of the three future environmental land management schemes. This includes broadly what each will pay for, the timelines for implementation and the expected environmental impact based on projected uptake figures.

To ensure that the schemes work for farmers, we are designing them in partnership with them. We need to learn and improve things as we go. We hold regular discussions with membership and stakeholder groups. We are also, for example, working with 3,000 people through our tests and trials, 938 farmers through the Sustainable Farming Incentive pilot, and around 700 farmers in ongoing co-design and user research.

In addition to scheme transformation, we are also reforming existing legal protections. These are currently set out in over 150 pieces of legislation, covering protections for the

environment, animal health and welfare, and public health. We want these protections to be effective, simple, fair and outcomes focused. So, we have begun a substantial evidence gathering exercise, working collaboratively with farmers and regulators to inform future proposals that build on the Dame Glenys Stacey Farm Inspection and Regulation review recommendations. Getting this right will provide a vital platform for the delivery of schemes that go beyond this baseline.

Update on progress since December 2020

Since the publication of the Agricultural Transition Plan in November 2020, and the launch of the EFRA Committee's inquiry in December 2020, the Government has made significant progress.

We continue to develop our environmental land management schemes. The three schemes are complementary, focusing on specific aspects of land management:

- The Sustainable Farming Incentive will pay for effective environmental actions that can be taken across a range of farm types, locations and tenancy arrangements. It will generate a range of benefits, including improved biodiversity, natural habitats, soil and air quality, and reduced greenhouse gas emissions.
- Local Nature Recovery is the improved and more ambitious successor to the Countryside Stewardship Scheme. Its focus will be on locally-targeted actions to make space for nature within the farmed landscape, alongside food production. Like the Countryside Stewardship Scheme, it will comprise a menu of options, but they will be broader and more ambitious, focusing on climate, biodiversity and water quality priorities. It will pay farmers and other land managers to contribute to our targets for trees, habitat creation and peatland restoration.
- Landscape Recovery will pay landowners or managers who want to take a more radical and large-scale approach to producing environmental and climate outcomes through land-use change. We expect Landscape Recovery pilot projects alone to create at least 20,000ha of wilder landscapes, habitats, rewetted peat and afforestation at landscape scale, delivering on the commitments made in the Prime Minister's 10-point plan.

In summer 2021, we launched a pilot version of the Sustainable Farming Incentive. We want to have 70% of farms and farmland in the scheme by 2028 and are working closely with farmers and other experts to design a simple, effective, and attractive scheme to achieve that 938 farmers applied to join the pilot over the summer, and the first pilot agreements went live from November 2021. It is early days, but we have already learned a lot from farmers' experience of making applications—including many areas we can improve ahead of the rollout of the Sustainable Farming Incentive itself in 2022.

In December 2021, we published details of how the [Sustainable Farming Incentive](#) will work in the first year of its rollout (2022) and how we intend to expand the scheme over the next 3 years.

In January 2022 we published more details on how [Local Nature Recovery](#) and [Landscape Recovery](#) will work. This reflected findings from market engagement carried out over the course of 2021 on Landscape Recovery.

Taken together, the schemes will be a major tool in delivering our environmental and net zero targets and ambition. We published the [high-level outcomes expected from the schemes](#) in January 2022, including the expected contribution to woodland creation, halting species decline and net zero. In all cases, we will fund the actions that have the greatest possible impact, ideally across multiple outcomes.

We have made significant progress over the course of 2021. For example, in 2021, we launched an improved and simplified Countryside Stewardship offer, so that it is easier to apply for and for us to administer. This, alongside our commitment to ensure that those in agreements will not be unfairly disadvantaged and will be able to transfer into environmental land management schemes, has seen a 40% increase in application numbers between 2020 and 2021, and a doubling of applications since 2018. To further support farmers and acknowledge their valued role in maintaining and improving our environment, we intend to update [Countryside Stewardship payment rates in 2022](#).

We also launched the Farming Investment Fund in 2021, which will provide small grants to farmers to further improve productivity, and larger grants with an initial theme of water management to improve the storage and usage of water on farm. We will launch a further round to support investment in productivity and adding value early in 2022.

In 2021 we allocated the first round of funds through the new Farming Innovation Programme which is a long-term funding programme to drive productivity and sustainable farming. In the next few months, we will launch a separate fund to support innovations to tackle climate change and make farming more environmentally sustainable.

We also established the Farming in Protected Landscapes Programme in 2021, supporting farmers and land managers in Protected Landscapes to deliver projects that deliver against the four key themes of the programme: Climate, Nature, People and Place. Projects proposed by farmers for funding can cover a range of different things across the four themes, including funding public access. It could support projects that improve existing rights of way, making them more accessible, and allowing for the provision of permissive access. Projects can also be proposed that enable historic structures and features to be conserved, enhanced or interpreted more effectively.

In 2021, we've continued running the Future Farming Resilience Fund so farmers can access free business planning advice to help them plan their way through the agricultural transition.

We also consulted farmers and stakeholders in 2021 about our plans to introduce a Lump Sum Exit Scheme in 2022. This scheme will help those farmers who wish to leave the sector to do so, while also freeing up opportunities for new entrants and existing farmers wanting to expand.

Finally, in 2021 we've begun to make improvements in our regulatory approach for legal standards, including introducing changes to how we inspect and enforce the existing cross compliance system, to make this fairer and more proportionate, leading to better outcomes. Alongside this, we are working in partnership with industry on proposals to

reform two areas of the regulatory system: livestock traceability and nutrient management, including tackling pollution from slurry. This work is allowing us to test and learn how new or different approaches to regulation can be applied more broadly, supporting our ambitious future reforms.

Government Response to Recommendations

The agricultural transition

Government should publish an impact assessment, covering plausible scenarios, detailing how the transition from direct payments to Environmental Land Management will impact the viability of farm businesses, broken down by sector and by region. Government should also detail the anticipated environmental impacts if the delivery and uptake of Environmental Land Management falls short of its ambitions, for instance, if farmers decide that it makes more financial sense to intensify production than to enter into Environmental Land Management. (Paragraph 21)

Government should commit to regularly reviewing its plan for the agricultural transition and to developing contingency plans, including plans to provide for greater flexibility in the phasing out of direct payments. These reviews should draw on a comprehensive assessment of the impact of Defra's policies. Government should implement its contingency plans if it becomes necessary to ensure continued farm viability. (Paragraph 30)

In 2018 and 2019 we published information on the removal of Direct Payments and the evidence that underpinned the changes we were making. Each year we also publish updated data on farming income.

The Agricultural Transition Plan sets out our plans for this Parliament on the phasing out of Direct Payments and provides farmers with information about our intended policies. We published this so that farmers can have time to adapt and plan ahead. We are not planning to change the profile of Direct Payments reductions and suggesting otherwise would create unnecessary and unhelpful uncertainty. As funds reduce through Direct Payments, farmers will have greater opportunities to be rewarded for delivering public goods and improving their productivity through the new schemes we are now opening.

The Government regularly reviews the economic factors affecting farmers. We are closely monitoring trends in farm income and productivity, as well as take-up of agri-environment and other schemes, as part of our programme of monitoring, learning and evaluation. We will use the findings to inform policy and delivery throughout the agricultural transition.

We also routinely review and stress-test our own plans and assumptions about how our schemes will roll out. These reviews are supported by extensive engagement with farmers, delivery partners and land managers so we can understand the situation on the ground. We have learned from previous reforms and are extensively piloting our schemes so that they are built in a way that will work for farmers and we can test, learn and adapt at a small scale.

Throughout the development of the environmental land management schemes, we will continue to assess a wide range of direct impacts, including farm incomes and the expected impacts that our policies will have on improving the natural environment.

Government should develop a clear engagement strategy with plans in place to measure its success in reaching the full range of farmers and land managers, and consider how advisory networks and intermediary organisations may be more effectively used to communicate key information about the agricultural transition. In order to build confidence and foster buy-in, this engagement strategy should also involve a concerted effort to demonstrate how the views of farmers and land managers have fed into the design of Environmental Land Management. (Paragraph 40)

We have a comprehensive engagement strategy and programme of engagement and co-design in place, to ensure we maximise our reach and bring the voice of farmers into our work. We are planning to increase our activities in this area in 2022, now that we have more details about schemes that we can share with farmers to help them plan.

We agree that we can and should do more to play back what we have learned from our engagement and explain how the engagement has informed scheme design. We have already started to make improvements in this area since the Committee's report, for instance in finalising the details of the Sustainable Farming Incentive for its early rollout.

Our approach includes:

- Regular contact with stakeholder bodies
 - We have regular meetings with our top 6 stakeholder organisations (NFU, TFA, CLA, RSPB, National Trust and Green Alliance), supported by regular 1:1 calls with the programme director
 - We run a regular Environmental Land Management Engagement Group and Programme Forums supported by 1:1 account management conversations with senior leaders in the programme
- Communication through intermediaries
 - We have a communications and engagement programme with trusted intermediaries such as farming charities, vets, agronomists, banks, supermarkets and other buyers, to help make sure they have the information they need to advise the farmers they work with
- Direct communication with farmers
 - We are working directly with more than 4,000 farmers and other experts to design our schemes, through a combination of tests and trials, piloting and user research and co-design
 - When we published the Agricultural Transition Plan, we sent out copies of the “Farming is Changing” booklet to all 86,000 BPS claimants, as well as issuing it to all subscribers of Farmers Weekly and Farmers Guardian. The “Farming is Changing” booklet has also been distributed to over 3,000 farmers at 12 agricultural shows since February 2021

- We are working together with the Farming Forum when we launch schemes. The forum has large digital reach for farmers. Our thread on the Farming Investment Fund had over 25,000 views through Director Janet Hughes' posts on 'ask me anything'
- We have answered questions at agricultural shows and auction marts
- We are working with membership and levy bodies by ensuring Defra staff attend regular webinars and events
- We've funded a resilience programme where 19 organisations are providing free business planning advice directly to farmers
- Routine information sharing
 - In addition to regular use of other social media channels, we have launched a programme blog on GOV.UK which has now had around 100,000 views in its first year
 - To ensure timely updates, we have around 13,000 farmers signed up to our e-alerts and reach another 5,000 farmers and landowners through the 'Land App'

As part of our strategy, we measure the effectiveness of our increased engagement through qualitative and quantitative insight, such as surveys, focus groups through our established forums and research conducted by our stakeholders with their members. We also track trends in farmer awareness of and interest in the agricultural transition. We use that information to inform our engagement strategy and plans. Defra's Farmer Opinion Tracker can be accessed here: [Farmer Opinion Tracker – GOV.UK \(www.gov.uk\)](https://www.gov.uk/farmer-opinion-tracker).

Before the Sustainable Farming Incentive application window opens in 2022, Government should publish precise, measurable objectives for Environmental Land Management and explain how it intends to track progress towards achieving these goals. Defra should provide detail on how these objectives will contribute to the Government's wider environmental ambitions, and will be integrated with other policies and delivery mechanisms including Local Nature Recovery Strategies. It should also set out the role Natural England will play in evaluating schemes and ensuring that they are joined up with other policies. (Paragraph 46)

Government should explain in its response to this Report how it will ensure that public access and heritage are recognised in the SMART objectives for Environmental Land Management, and that the delivery of these public goods receives adequate funding. (Paragraph 62)

In January 2022 we published more information on the expected [outcomes from the environmental land management schemes](#). This document confirmed that, alongside food production, they will improve water quality, biodiversity, climate change adaptation and mitigation, air quality, natural flood management, coastal erosion risk mitigation and access and heritage. In all cases we will fund the actions that have the greatest possible impact, ideally across multiple outcomes. We will ensure local delivery mechanisms, like Local Nature Recovery Strategies, complement our national priorities and ambitions for the environment.

We will keep the expected outcomes under review in the light of statutory Environment Act targets and as we continue our test and learn approach through the agricultural transition. The Government will consult on proposals for a first suite of legally binding long-term environmental targets early this year, following the recent passage of the Environment Act 2021. These targets need to be brought forward as Statutory Instruments (SIs) by 31 October 2022 and will come into force once approved by Parliament.

For more detail on the role of Natural England, please see the response below on delivery bodies.

Government should commit, as a minimum, to retaining the current agriculture budget until at least 2029 as recommended in the independent National Food Strategy.
(Paragraph 50)

As set out in the Agricultural Transition Plan in 2020, the Government is committed to supporting farmers through a 7-year agricultural transition period that will see untargated Direct Payments repurposed, allowing us to continue to support agriculture in different ways. We will reward farmers for environmental activity, including reducing carbon emissions and creating habitats for wildlife.

This Government was elected on a manifesto commitment to maintain the annual budget of £2.4 billion for the farming sector for the life of this Parliament (up to financial year 2024/25). We will honour this. The Government is unable to commit to extending the agricultural payments budget further than 2024–25, as future budgets will be decided by future governments. Our planning assumption is that the level of funding currently invested in the sector (i.e., £2.4bn per year) will broadly continue throughout the agricultural transition and beyond, given the importance of this investment, through farmers, to achieve our environmental, climate, productivity and animal health and welfare aims.

Government should explain in its response to this Report how the needs of those farming uplands, commons and tenanted land, who risk being disadvantaged during the transition, will be reflected in its Environmental Land Management schemes. It should also explain how it will ensure the environmental and societal benefits of upland and common land pasture are recognised in Environmental Land Management.
(Paragraph 60)

Each of the new environmental land management schemes will be accessible to farmers in the uplands, commons and on tenanted land. We are actively engaged with representatives across each of these sectors to make sure that scheme design works in each of these circumstances.

We have designed new flexibilities into the Sustainable Farming Incentive, in close consultation with farming organisations including the Tenant Farmers Association (TFA), Country Land and Business Association (CLA) and National Farmers' Union (NFU), to ensure the scheme is accessible to tenant farmers. For the early rollout of the scheme in 2022, scheme agreements will be 3 years (compared with a minimum of 5 years in Countryside Stewardship) and there will be annual flexibility to add standards, land and levels of ambition into agreements. In the first year, tenants with only 2 years left on their tenancy will be able to enter into the scheme. Tenant farmers will be able to enter the scheme without proving they have landlord permission (although they will be

responsible for checking their agreements to ensure they can participate in the scheme before applying). We will continue working with stakeholder groups representing tenants on the design of the three environmental land management schemes.

We understand the importance of common land in England and the needs of those farming and managing common land. We have been working closely with farmers and other experts to design how the Sustainable Farming Incentive will work for commons, and will continue working in partnership to finalise details of this and other schemes. Those farming and managing common land will be able to access all three of the new environmental land management schemes, applying together as a single entity. The additional administrative requirements involved in forming and operating a single entity will be recognised within the schemes and we are looking at whether we could provide support for facilitation. We will continue to develop detailed proposals supported by commons sector representatives, including from the Foundation for Common Land (FCL), CLA and NFU.

We want to ensure that uplands farmers are fully supported during the transition and recognise farming businesses face challenges in these areas. We are working closely with stakeholders to ensure these challenges are fully considered in the development of our new schemes. For example, over the last nine months, we have worked with Upland farmers, commoners and practitioners to help us develop a specific Sustainable Farming Incentive Moorland & Rough Grazing Standard. The introductory level of this Standard will be included within the early roll out of the scheme this year and can be undertaken in parallel with existing schemes.

Given the nature of their landscapes, upland farmers will be well-placed to benefit from the Local Nature Recovery and Landscape Recovery schemes. During the agricultural transition, the Countryside Stewardship scheme will continue to be available for existing and new applicants, and we will ensure there is a smooth transition from current schemes into our new schemes. Our Future Farming Resilience Fund is also providing business support to farmers and land managers during the early years of the transition, to help them understand the changes and how they may want to adapt their business models accordingly.

The Sustainable Farming Incentive

Government should set out in its response to this Report how the Sustainable Farming Incentive will reward existing good practice at the same time as encouraging farmers to undertake new environmental activities. It should also explain how the Sustainable Farming Incentive will support improved environmental delivery over time.
(Paragraph 69)

Sustainable Farming Incentive delivery will be based on a suite of standards that go beyond the legal regulatory baseline. Each standard will be made up of different levels of ambition or payment rates. As environmental performance increases with each level of ambition so does the payment available. This structure allows farmers already delivering high environmental performance to be rewarded, while also providing an incentive for others to improve over time by adding more standards to their agreement to cover a wider range of activities, and by progressing to higher levels of ambition within each standard.

We will be introducing more standards over time and expect farmers to increase their coverage and levels of ambition over time – the scheme is designed to encourage and reward this.

Alongside the parcel-based actions within the Sustainable Farming Incentive, Defra should set out a plan to support public goods delivery at the whole-farm level, including using the pilot phase of the Sustainable Farming Incentive to evaluate the merits of including a whole-farm standard in the Scheme. (Paragraph 73)

We do want to support a whole-farm approach to environmental land management, and we are continuing to investigate the potential role of land management plans and other elements of policy design to support this through the Sustainable Farming Incentive pilot.

Sustainable Farming Incentive standards are designed to support a whole-farm approach to sustainable land management. In contrast to the Countryside Stewardship scheme, the payment applies to all the land entered into the standard, not just the area where the action(s) are taking place.

Early rollout of the Sustainable Farming Incentive will operate at a land parcel (field) level. This means that farmers can choose how many of their fields to enter into Sustainable Farming Incentive standards – they do not have to enter their whole farm. This is to provide a low-risk way for farmers to enter into the scheme incrementally, rather than having an ‘all or nothing’ approach, because we know that many farmers prefer to build up new practices in an incremental way over time. Normally, whole fields must be entered into the scheme because the actions make sense at a field level – and that is the basis for making payments.

We are not mandating farmers enter their whole farm into the Sustainable Farming Incentive, because this would present a number of challenges including:

- where areas of the farm are already receiving payments for similar actions under existing schemes, this would block the rest of the holding coming into the Sustainable Farming Incentive
- requiring large holdings made up of a number of different production units to submit a single application is problematic for the industry
- land occupied on lets shorter than the Sustainable Farming Incentive agreement may prevent the rest of the holding applying

There would also be challenges in establishing what sanctions we would apply if it transpired a customer had left land out of the Sustainable Farming Incentive agreement.

The current approach is based on using the payment rate available through standards to incentivise farmers to include as much land as they can into the scheme.

Government should explain in its response to this Report how it will set payment rates for the full Sustainable Farming Incentive in 2024, and the other Environmental Land Management components, to ensure that participating in these schemes is an attractive option for farmers as BPS is withdrawn. This should include assessing

levels of participation in the Sustainable Farming Incentive in 2022, and whether this suggests that higher payment rates will be needed in future to ensure the necessary uptake. (Paragraph 80)

We are designing our new schemes to be attractive to farmers and land managers. This involves a wider range of factors alongside payments, including fairer and more supportive controls, accessible and relevant actions that make sense and have a clear value that farmers can see, clear and trustworthy guidance a straightforward, reliable service with minimal bureaucracy.

Payments within the environmental land management schemes will reflect the principles set out in the [‘Payment principles for Environmental Land Management schemes’](#) document published in June 2021. We recognise that providing the right level of payment to participants will be critical to the success of the programme. We are therefore exploring how best to balance payments to farmers that ensure delivery of environmental objectives, while maximising value for money and respecting our international obligations. We are working alongside stakeholders and users to identify which approach to payments would be most appropriate for each environmental land management scheme.

Over 2022, we will set out our approach to making payments under Local Nature Recovery. Within this, we are exploring the role payments can take in targeting the right actions in the right places, and maximising the environmental benefits that can be achieved through the scheme. We will be testing more innovative, market-based mechanisms for setting payment rates such as payment by results and reverse auctions through our environmental land management tests and trials—building on the learning of existing schemes such as the Woodland Carbon Guarantee.

We recognise that to secure sufficient participation to deliver the desired environmental benefits, we may need to take a more flexible approach than under existing agri-environment schemes. We are exploring variations we could apply to an ‘income foregone plus costs’ methodology to attract sufficient participation in the scheme. We will assess these variations against criteria including value for money, managing a fixed budget, and WTO Green box compatibility.

Evidence and feedback gained through tests and trials and the pilot will be important in informing our approach to payments. We apply what we learn from this across the schemes.

Advice and Regulation

Government should fund and facilitate knowledge exchange and peer-to-peer learning among farmers to drive scheme uptake and effective delivery of public goods. Government should also ensure that farmers and land managers have access to effective local facilitators, who can help them improve their delivery. (Paragraph 87)

Government should explain in its response to this Report how it will ensure that a reluctance to pay for advice does not inhibit the uptake of Environmental Land Management and the delivery of public goods. (Paragraph 88)

We are committed to providing quality advice to farmers working with the market where it makes sense to do so. We want the schemes to be user friendly, and easy to access and engage with, so that advice can focus on where it will really add value.

The Future Farming Resilience Fund has been developed to provide free business support to farmers and land managers during the agricultural transition. Defra group advisers will also provide free support to encourage good engagement and ensure high quality agreements.

The intention is that the Sustainable Farming Incentive will be a straightforward, largely self-service scheme, supported by high quality, very accessible technical guidance – freely available to all farmers and land managers whether they are in schemes or not. We will test this during the pilot and early rollout and respond quickly to the feedback we receive.

We expect the Local Nature Recovery and Landscape Recovery schemes to need a greater level of advisory support than the Sustainable Farming Incentive. We are exploring through our tests and trials and detailed policy design work the likely need for advice in these schemes, how best it could be delivered, and who is best placed to provide it.

We also want to support land managers to develop their skills and experience of delivering public goods. This includes how we best support peer-to-peer advice and sharing of good practice, which is being explored in the Sustainable Farming Incentive pilot scheme. The Institute for Agriculture and Horticulture is also exploring setting up special interest groups to support knowledge exchange between farmers.

We have also been clear that we intend to support collaboration in both Local Nature Recovery and Landscape Recovery. We found in our tests and trials that local facilitators can really help people work together effectively. We plan to work with farmers and other experts to set up a new facilitation offer that builds on the successes and lessons to be learned from the Countryside Stewardship Facilitation Fund, which remains open to anyone eligible for agri-environment schemes.

In addition, through our Landscape Recovery pilots we will test how we can best support groups of land managers to deliver large-scale land-use change projects, including through our funded project development phase.

Government should provide more detail in its response to this Report on how it intends to use a range of mechanisms, including a risk-based approach and where appropriate assurance schemes and self-assessment, to ensure that farmers in Environmental Land Management agreements are delivering for the environment while not being subject to unnecessarily burdensome and bureaucratic regulation. (Paragraph 93)

We will design the environmental land management schemes in partnership with farmers so that they are simple, both to apply for and to deliver. For example, the Sustainable Farming Incentive application process and any associated paperwork will be as straightforward as possible so that farmers can complete it themselves without the need to pay for someone else to manage the application process or ongoing agreements. The approach to agreement monitoring will be simpler, fairer and more proportionate than EU-based schemes. We are removing complexity and unnecessary bureaucracy from the entire process.

Through the Sustainable Farming Incentive pilot, we are exploring a new model for monitoring the delivery of agreements. It focuses on outcomes and improvement instead of penalties, while still protecting public money through methods such as virtual checks, site visits or remote monitoring. These methods work in conjunction with the Annual Declaration, a participant-led annual self-assessment declaration, which is used as part of the compliance assessment and can trigger further action if risk of non-compliance is identified.

We are using the pilot to explore if membership of existing environmental assurance schemes might play a role in providing earned recognition for farmers with Sustainable Farming Incentive agreements. Once trialled, we will use our learnings in developing the other environmental land management schemes.

All farmers are subject to regulatory standards, and we are working to enable high levels of compliance against these standards that will ensure environmental land management agreements fully deliver outcomes for the environment.

Government should explain in its response its approach to ensuring that it will have suitable and scalable IT systems in place to deliver the full Environmental Land Management scheme from 2024. (Paragraph 96)

We are confident in our IT delivery for the environmental land management schemes – we have learned the lessons of the past, and we are following best practice guidance on service design and delivery. The latest Infrastructure and Projects Authority (IPA) review gave an Amber rating overall with improving confidence in deliverability. We are acting on the recommendations and working closely with the IPA and the Central Digital and Data Office to embed learnings from similar programmes across government.

The programme is taking an iterative and user-centred approach to service design and delivery, which will meet the Government Service Standard. This means that services will be introduced gradually and regularly tested with the farming community to ensure that the service meets their needs. Taking an iterative approach reduces risk because services are introduced at a small scale and extensively tested, adjusted to ensure they are robust and work effectively, and then rolled out more safely at a larger scale once the testing has taken place.

To ensure the IT systems are suitable, robust and meet the needs of external and internal users we have developed a shared team approach with colleagues working closely together with the Rural Payments Agency (RPA), Digital, Data & Technology Services and the programme. This is a genuinely joint team effort, making the service work end to end, for internal and external users. The service will be built on technology that will enable the development of a quality end-to-end (internal and external) user experience with the simplicity and efficiency of operations that our customers expect in line with the government service standard. However, we have learnt the lessons from the past and where it is prudent and safer to do so, we will use existing systems until we are fully confident that new technology is suitable, scalable and safe.

Government should explain in its response to this Report at what time it will clearly communicate a final decision about which bodies will have operational responsibility for the Environmental Land Management Schemes. (Paragraph 99)

In our 2 December 2021 detailed policy statement on the Sustainable Farming Incentive scheme, we confirmed that the RPA will be responsible for administering the Sustainable Farming Incentive.

The RPA is also administering the Sustainable Farming Incentive pilot. The pilot will provide valuable learning about the experience of farmers and the operational issues involved in delivering the scheme.

Decisions on operational arrangements for delivery of the Local Nature and Landscape Recovery Schemes will be made in the coming months.

In the meantime, Natural England continue to lead the monitoring and evaluation of ongoing agri-environment schemes under the Rural Development Programme. This covers scheme and multi-objective monitoring and outcome/impact evaluation alongside scheme process evaluations. Natural England evaluation specialists work closely with the Defra environmental land management evidence and evaluation teams to ensure that the current agri-environment scheme monitoring and evaluation informs environmental land management design, development and our approach to evaluating these schemes, alongside co-design with stakeholders.