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Dame Meg Hillier MP
Chair of the Committee of Public Accounts
House of Commons
London
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27 January 2022

From Tamara Finkelstein CB
Permanent Secretary

Response to Recommendation 7 of ELM PAC report

Dear Chair,

The PAC's report (published 9th January 2022) expressed concern that ELM "will be too complex and bureaucratic, and will not cater for the full range of farm types and circumstances". Recommendation 7 of the report asked that I write to the Committee to explain how Defra is using the SFI pilot to get feedback on the complexity of ELM, and what changes we will be making to alleviate perceived complexity.

We are working in partnership with farmers and other experts to make our new schemes more accessible, attractive and straightforward for farmers.

Since the committee held its evidence sessions last autumn, Defra has published detailed information on the Sustainable Farming Incentive ([Sustainable Farming Incentive: how the scheme will work in 2022](#)) (December 2021). In the publication, we included examples of how we are reducing bureaucracy and complexity; we elaborated on these examples in subsequent blogs ([Update on the Sustainable Farming incentive Pilot, 15th October 2021](#)). Example actions include:

- On land management, we are moving away from the inflexible prescriptions where farmers have no scope to decide how they achieve outcomes. Instead, our new standards make clear that it will be for farmers to decide what the right combination of specific actions is to achieve the intended outcomes in their particular setting and business. As well as supporting the choices of farmers, this approach will avoid unnecessary prescriptions and the onerous checking regime that is inherent in the EU schemes.

- On agreement monitoring, if a farmer has trouble implementing their agreement, we will first seek to help them fix it. We will not apply punitive 'penalties', nor will we withhold payments on mere suspicion of a breach. Once again, this moves our new schemes away from the complex and punitive EU approach.

We are using the SFI pilot to inform development of the SFI scheme. In January 2022 we announced our plans to test and pilot the [Local Nature Recovery](#) and [Landscape Recovery](#) schemes. We will update and adjust our aims and the design of our schemes as we expand the overall offer and learn from pilots, early roll-out of the schemes and our comprehensive programme of Tests and Trials.

With regard to the SFI pilot, we were pleased that over 900 farmers applied to join the pilot over summer 2021, and the first pilot agreements went live from November 2021. We have a good spread of farm types, sizes, management and geographic location to enable us to learn across a comprehensive range of English agriculture. We very much look forward to working with our pilot farmers over the coming years to shape the scheme.

In the pilot we have a good representation of tenant farmers (22% of applicants) and those who farm under 50 hectares (30% of applicants). We are confident that this is a solid foundation for understanding the experiences and needs of these groups. Indeed, we have already been able to work closely on addressing some of the known barriers to participation, such as the length of agreements.

Ongoing work with tenant farmers in the pilot will be supplemented by a "Tenant Farmers working group". The group will be led by Baroness Kate Rock, and will advise Defra on ways to maximise participation in, and benefits of, the new schemes.

We are using a range of methods through the pilot to gather feedback on the scheme. Methods include:

- User research where our researchers observe pilot farmers during an aspect of the pilot (using the guidance, making an application) and identify what went well and what needs improving;
- User research where pilot farmers test improved versions of the 2022 scheme;
- Surveys and discussions closely following stages of the pilot (for example post-application surveys);
- Direct feedback from participants on their practical experiences in implementing the standards they've signed up for.

It is early days, but we have already learned a lot from farmers' experiences of making applications through the pilot, including identifying many areas where we can make swift improvements for the rollout of SFI in 2022.

We are already addressing many points raised by SFI pilot applicants, relating to, for example, standards, guidance and the application process ahead of early roll out.

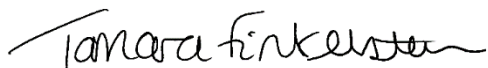
We have made considerable improvements to the SFI standards since early versions were published, through feedback and testing with farmers. For example, the Soils

standards which are core to the 2022 scheme offer, have been streamlined to focus on a smaller set of the most impactful actions.

On the application process, last summer, our user researchers sat alongside farmers as they made their pilot applications. This gave us insight into the farmer experience of making an application. Whilst going through the process, farmers were directly telling us what was going right, what was going wrong, which bits were straightforward and smooth, and what they found frustrating. We made improvements to the process based on this feedback, and these will be reflected in the early rollout of the scheme.

The actions described here are representative of the broader collaborative approach we are taking to design all aspects of the new system. This involves: working directly with farmers; recognising that we will not always get things right the first time; actively seeking out and fixing problems; and re-testing those improvements to ensure they work.

Yours sincerely,

A handwritten signature in black ink, reading "Tamara Finkelstein". The signature is fluid and cursive, with a long horizontal stroke at the end.

TAMARA FINKELSTEIN
Permanent Secretary