

Written evidence submitted by The Wildlife Trusts (ELM0024)

29 January 2021

The Government has set out its latest plans for the agricultural transition, but questions remain about the design of the national pilot, and how the Government will ensure enough farmers are able to transition to the new scheme. With the transition about to begin, the EFRA Committee is inviting submissions on what the Government needs to do to ensure that farmers and land managers are properly supported in 2021 and beyond.

The Wildlife Trusts believe that the health of the environment must be at the heart of future agriculture and land management policy – which means designing a new system to incentivise farmers and other land managers to help nature to recover, based on environmental outcomes and public benefits.

The Wildlife Trusts are federated charity of more than 800,000 members, 40,000 volunteers, 2000 staff and 600 trustees, from a wide range of backgrounds and all walks of life. We manage over 2,300 nature reserves for the benefit of wildlife and people. We are submitting this evidence in our capacity as land advisors and major landowners in our own right. We manage around 100,000 hectares of land and own 31 working farms which we manage positively for wildlife, as well as giving advice to more than 5,000 landowners each year.

The Wildlife Trusts are closely involvement in the development of E.L.M., including through our involvement in 10 Tests and Trials across 13 Trusts (see Annex 1).

1. Is the Government's timeframe for the national pilot, full roll-out of ELM and phasing out direct payments by 2027 feasible?

1.1 The Wildlife Trusts (TWT) think that the timeframe is extremely challenging but feasible providing more clarity on the overall vision, objectives, budget, regulation, and integration of financial and non-financial incentives is provided quickly.

1.2 The Secretary of State's foreword to the Agricultural Transition Plan (ATP) states: '*Over the last century, much of our wildlife-rich habitat has been lost, and many species are in long-term decline. . . we cannot deny that the intensification of agriculture and the bureaucratic Common Agricultural Policy have taken their toll on wildlife.*' The Wildlife Trusts (TWT) agree with this – but we go much further. We are in a climate and nature emergency – an emergency which will have a profound impact on our health, our environment and agriculture. This is the decade when climate scientists have made it clear that we must act. In our response to Defra's Environmental Land Management Policy Discussion Document¹, we stated that only by seeing active recovery for wildlife happening across at least 30% of our land by 2030 (30/30) will we see an effective response to the climate and nature crisis.

1.3 The (ATP) provides a general roadmap for farmers, but more clarity is needed on both the overall strategy and on the detail.

¹ https://www.wildlifetrusts.org/sites/default/files/2020-09/The%20Wildlife%20Trusts%20response%20to%20Defra%27s%20ELM%20discussion%20document_July%202020.pdf

1.4 In terms of **strategy**, there remains an absence of a clear vision and objectives for E.L.M. The ATP Advisor document (p. 12) states ‘We are developing smart objectives for Environmental Land Management, which we will publish in due course and then keep under review throughout the transition.’ As TWT commented previously:

‘The Wildlife Trusts would like to see another consultation for ELM which includes a clear articulation of ELM outcomes with plans for the associated actions and payments to deliver them. We want to see ambitious, legally binding, and enforceable targets for nature’s recovery enshrined in the Environment Bill and enforced by an independent Office for Environmental Protection. ELM – as set out in the 25 Year Environment Plan – is to be a key delivery mechanism for the government’s environmental ambitions. Therefore, ELM objectives should be tied to meeting the environmental ambitions of the government, which should be legally bound through the Environment Bill.’²

1.5 Flowing from the strategy, objectives and targets for E.L.M. comes the **budget** – a matter on which the ATP is almost entirely silent. TWT think that funding for E.L.M. should be commensurate with the scale needed for farmers and land managers to do their part in addressing the climate and nature crisis through positive land management.

1.6 Farming is the biggest driver of biodiversity decline across the UK - numbers of farmland birds have declined by 54% since 1970, whilst the populations of priority species overall have declined by 33% in the same time frame. Soil degradation in England and Wales costs £1.2 billion per year and poor agricultural practices are responsible for many water bodies failing to meet minimum standards. Agriculture also accounts for a tenth of all UK greenhouse gas emissions. TWT think that Defra needs to increase the urgency of addressing issues - from climate change mitigation and diffuse pollution to species loss and habitat degradation - whilst delivering a well-managed transition toward farming that delivers public goods.

1.7 The Agricultural Transition Plan (ATP) provides a general roadmap for farmers, but more clarity is needed on the **detail**. It is difficult to prepare businesses for the transition without more information being available. There is a risk that without direction, land managers could turn to other forms of income which are environmentally harmful. For instance, some have been considering ploughing up their grasslands in 2021 to be eligible for arable payments, to make up for the loss of BPS. This can be avoided if the various support mechanisms announced in the ATP work together to provide a clear offer to land managers both financial and non-financial.

2. **Will the Sustainable Farming Incentive be a viable support measure for farmers before the full roll-out of ELM? Is further support required during the transition period?**

2.2 The Sustainable Farming Incentive (SFI) as part of E.L.M. should be a way for farmers to be rewarded for delivering public goods – not to receive income support. TWT hope to see regulation, the fundamental building block for all financial incentive schemes not just E.L.M., being articulated soon by the government. This should set a baseline for what is expected of land managers irrespective of E.L.M. A response to the Dame Glenys Stacey review of farm regulation³ was due in November but has now been deferred until spring 2021. Much of the

² https://www.wildlifetrusts.org/sites/default/files/2020-09/The%20Wildlife%20Trusts%20response%20to%20Defra%27s%20ELM%20discussion%20document_July%202020.pdf

³ <https://www.gov.uk/government/publications/farm-inspection-and-regulation-review>

required regulation already sits within the cross-compliance regulations and makes good business sense. As such they should not be paid for from the Sustainable Farm Incentive (SFI).

- 2.3 The SFI should not be a like-for-like replacement of BPS during the transition period. This will not encourage entrants to make the changes necessary to deliver public goods in the future. Instead, SFI should provide payments for farmers and land managers to deliver improved soil health, pollinator-friendly activity, cleaner water and habitat creation from the pilot phase through to full E.L.M. roll-out. Stakeholders have seen some progress towards this but there is still a feeling – shared by TWT - that SFI is light on ambition and the ability to make a real difference whilst swallowing the bulk of the available funding.
- 2.1 We support the Government’s phased approach to BPS reductions which are coupled with additional support during the Agricultural Transition Period. However, this is particularly challenging for those in areas where the “income forgone” model has never added up economically. BPS funding supports the management costs involved in high nature (but low agricultural) value land management. BPS, when combined with ES or CS pays for the whole system costs of environmental land management. This is needed because ES or CS pay for targeted options – and often at a rate which does not cover the costs of the management required to meet the target for an option. On the ground, the stitching together of the two funding schemes – area-based payments and targeted stewardship - supports management of SSSIs and other high-conservation value sites.
- 2.2 To illustrate this point, neither traditional meadows (of which 97% have been lost since the 1940s) nor heathland (which has seen an 80% decline since 1800) have a ‘normal’ agricultural income and they cost considerable amounts to manage. To make management feasible, land managers of these habitats have stitched together funding for these special, protected sites. This has come from a mixture of Countryside Stewardship (CS), Basic Payment Scheme (BPS) and other sources. It is from these core sites that nature’s recovery will begin – they form the backbone of the Nature Recovery Network. And yet here there is a major funding gap. Managers who care for these habitats have forecast a loss of 30% of land management spend by 2024 with the risk, especially for those locked into EU era CS agreements of up to 45% by 2027. It is not possible to diversify income of these sites due to the protections that they have in place. Put simply, the ATP is creating a funding gap for the managers of many protected sites. It is vital that urgent attention is given to resolving this issue.
- 2.4 The other elements in the Agricultural Transition Plan must also be fit-for-purpose to facilitate a fair transition to E.L.M. before 2024:
- 2.5 **Countryside Stewardship (CS)** is crucial to maintain the environmental gains made over the last 15 years whilst recruiting land managers into the public goods approach. The scheme will be a replacement form of funding for many land managers who have traditionally used only BPS and their normal farming business income. As such it needs to be attractive, simple and readily available without being compromised so the outcomes it incentivises are reduced. Increasing the funding available for CS coupled with improvement and simplification must ensure the scheme is attractive as an early option for those losing BPS payments, and others not yet part of any AES.
- 2.6 **Productivity grants** must go toward enabling a fair shift to the ‘new baseline’ of public goods delivery after the transition. These grants must be focused on enabling land managers to start the process of restoring ecosystems and natural assets on their land, before they can receive payments for these practices under E.L.M. Productivity payments are only 9-10% of the overall Future Farming Change Programme budget allocation during the transition, but will be crucial in

accelerating buy-in and readiness for land managers ahead of 2024. The budget must be carefully considered with appropriate spend on appropriate technology which creates change, resilience and transition to a public goods approach.

2.7 We cautiously welcome the introduction of a **Slurry Investment Scheme**. However we see this as a key component of the polluter pays principle and believe that those making a profit from farming methods that create large quantities of slurry should be responsible for its safe storage and disposal. This is beholden on other sectors. Regulation should drive improvements to slurry stores as part of the Clean Air Strategy. This scheme should improve compliance, where the availability of investment has been quoted as being a significant barrier. This kind of provision for reaching basic compliance must be strictly time-bound and attached to a commitment from Government to improve compliance whilst filling existing regulatory gaps.

2.8 **Farm resilience support** between 2021-2023 is a welcome and much-needed part of the transition. Business support and advice schemes, if correctly designed and implemented, are proven to be an asset to land managers and will be essential in this period. The success of this support will depend on the conditionality of payments and an outcome-led approach.

2.9 Increased investment into **innovation, research and development** should support well established farmer-led innovation and research into practices which benefit the environment and people. Resources must, in the words of George Eustice, be aimed at “combining the best modern technology with the rediscovery of the traditional art of good farm husbandry” to enrich the evidence-base and bring land managers on board with environmentally positive activities.⁴ Ensuring that biodiversity enhancements are considered deeply alongside innovation, research and development is critical to delivering the UK’s international commitments.

3. **How effectively has Defra engaged with land managers and other stakeholders on the design of ELM, including on the transitional arrangements?**

3.1 Stakeholder engagement and transparency has improved significantly since 2018 and we appreciate Defra’s work on this. We are glad to see that a broad range of stakeholders are being consulted and welcome aspects of Government plans for ‘co-design’ which allows for more continuous evaluation and adaptation of policies. However, co-design must not come at the expense of formal public consultation, to allow for the broadest engagement on planned land management policies.

3.2 We would also urge Defra to communicate their policy proposals further in advance, to allow stakeholders to fully and properly assess them before giving feedback.

3.3 Stakeholders such as TWT are involved in numerous Defra E.L.M. groups – and we appreciate the huge amount of work happening behind the scenes in Defra on the ATP and E.L.M. We appreciate the hard work of the Defra officials on E.L.M. However, it remains extremely difficult to effectively challenge and support Defra on E.L.M. without objectives and targets and an accompanying budget for the programme. We are asked to comment on details of delivery (e.g. what an application form might look like) without understanding how Defra anticipate that E.L.M. will deliver the Governments environmental objectives.

3.4 Planning and engagement on the transition plan should have taken place much earlier, to give land managers more time to prepare and assess options before the end of 2021. The lack of

⁴ <https://www.gov.uk/government/speeches/path-to-sustainable-farming>

granular detail on transitional arrangements and on E.L.M. may lead to a lack of uptake and inappropriate intensification on holdings.

4. **How can ELM be made an attractive business choice for farmers and land managers while effectively delivering its policy goals?**

4.1 Environmental risks such as the loss of top-soil, climate change, poor water quality and the loss of farmland species that provide ecosystem services all pose fundamental risks to the viability of farming businesses. E.L.M. can address these as a landmark policy in driving nature's recovery in England, which may create future-fit land management businesses. Public goods are all beneficial assets for land managers and must be maintained and enhanced as part of E.L.M.

4.2 To deliver on this, ELM must incorporate several elements which will make it a useful and viable scheme for farming and land management businesses on the ground:

4.3 **Sufficient payment rates to incentivise uptake:** Payment rates in Countryside Stewardship (CS) can be too low to incentivise land managers to join, especially given reporting requirements of CS. Uptake of ELM will only improve if payment rates are competitive, and regulation is enforced, for example, damage caused by other income generating activity is penalised such as GAEC 4 for soil erosion. Farmers and other land managers in E.L.M. must be better rewarded for the natural capital assets they maintain and the ecosystems services they provide.

4.4 **Advice, support and guidance:** Whilst there will always be individual land managers who do think of alternative ways of running their businesses there are many who lack the time, information or opportunity to do the same. The role of advisors, who can consider both those elements that create a thriving farm business alongside a thriving environment, are critical to the success of E.L.M. If Defra will not provide this advice then substantial work needs to go into the wider agricultural advice community to improve core environmental skill sets.

4.5 **Fair contractual terms and compliance system.** E.L.M. payments should be similar to a contract, rather than subsidies. This will give businesses clarity on what they are being paid when and what the penalties are for on non-compliance. This, coupled with efficient and regular engagement with administrators, will create trust in the scheme and improve outcomes and uptake. Administration should be kept as simple as possible, to make processes easier for land managers but also to save costs for the taxpayer and maximise funding to pay for on-the-ground public goods delivery.

4.6 **E.L.M. is a vital part of the picture there are many elements to consider.** Instilling in all land managers the basics of sound environmental management, how to work with nature instead of against it and realising that production output figures are not a measure for success, especially in terms of planetary and human health are critical too. We welcome the proposed creation of the Institute for Agriculture and Horticulture described in the ATP but need to see far more around its remit, courses and timetable for delivery. There are also issues with farm tenancies (many of which will alter as BPS changes) and the ability of tenants to put long term E.L.M. agreements in place.

5. **How can the Government ensure that ELM agreements achieve their intended environmental outcomes, reduce bureaucratic burdens on farmers and deliver value for money?**

5.1 A clear set of **SMART objectives** should inform ELM design, delivery and allocation of budget towards priorities. For instance, spatial targeting along ecological networks would help achieve

environmental outcomes and deliver value for money⁵. Coupled with the right advice and support, farmers and other land managers should be inspired by the possibility to achieve more with their land, and to be part of a wider vision to deliver a flourishing countryside and natural environment.

- 5.2 Defra currently appears to be developing three distinct schemes rather than one scheme with three integrated elements. It has moved from describing an overall scheme – ‘ELM’ – with ‘tiers’ to separate named ‘components’ (Sustainable Farm Incentive, Local Nature Recovery and Landscape Recovery) under the banner of ‘E.L.M.’ As such, TWT believe there is a risk that E.L.M. could become a reinvention of the status quo, not an environmental land management scheme which will fund farmers and land managers to do what only they can – help to tackle the climate and nature emergency on the ~70% of farmed land in England. For example:
 - 5.3 Establishing a clear **regulatory baseline** with sufficient enforcement, penalties and a fair and transparent inspection programme. Defra must respond in detail to the Dame Glenys Stacey review.
 - 5.4 Use the existing positives of the **last 15 years of AES delivery** alongside an improved agricultural and ecological mapping **dataset** and the work already undertaken on **nature recovery networks** to identify targeting and funding goals for E.L.M.
 - 5.5 Create the mechanisms for independent **advisors** to have sufficient knowledge to help land managers make better business and environmental decisions.
 - 5.6 Design the scheme from a **land manager’s perspective** rather than from Defra’s. Whilst the targets and funding must align with the public goods basis, how that is presented and interpreted by land managers must be with the greatest clarity, a minimum of words and strong examples. Defra should integrate learning from previous AES and from the current Tests and Trials process on this.
 - 5.7 E.L.M. contracts across components two and three should have **tailored agreements to suit specific businesses and avoid being overly prescriptive and rigid**. The focus should be on the environmental outcome without causing further damage to achieve it. A combination of advice and on farm knowledge is key to success.
 - 5.8 Government must invest in **monitoring and evaluation (M&E)** throughout E.L.M., which is a crucial part of any farming and land management business. M&E can be expensive for individual landowners, but if facilitated through E.L.M. could help inform and improve environmental outcome while saving money for land management businesses. Specific monitoring on SFI, which we fear will not generate sufficient public goods to justify its proportion of the budget, is critical.
6. **What lessons should be learned from the successes and failures of previous schemes paying for environmental outcomes?**

- 6.1 To date, no UK Government scheme paying for environmental outcomes has been successful in arresting the decline in biodiversity at scale. Whilst there have been localised successes, the decline in farmland wildlife remains stark. The failure of ELS (Entry Level Stewardship) to stop the decline is an example of public money being spread too thinly, unambitious management

⁵ For instance using the B-Lines network to spatially target habitat creation for pollinators (and other wildlife): <https://buglife.org.uk/our-work/b-lines/>

options and insufficient levels of advice. We remain concerned that the SFI will share the failings of ELS as it is presented.

6.2 In contrast HLS (Higher Level Stewardship) and higher tier CS agreements have given clear positive outcomes on holdings, especially protected habitats. The combination of enhanced payments rates, keen and experienced land managers and the availability of quality advice from both Natural England and independent sources has seen localised, but high quality, environmental enhancements. It is important to note that for many areas these enhancements are also due to the ability to draw on BPS to supplement the HLS/CS funding.

6.3 CS has seen the inclusion of the Farmland Wildlife Package. This does provide a well-researched set of interventions to support farmland birds and common pollinators across lowland landscapes. Whilst this has benefited a range of species at the farm level, and provided a proof of concept for the package approach, it could be significantly improved by being broadened out to include all six key actions recommended by the Farmland Wildlife Partnership:

- a. Protect existing semi-natural habitats
- b. Maximise the value of boundaries and margins
- c. Enhance and create wet features, including ponds, streams, and ditches
- d. Create flower-rich habitats, on at least 2% of the farm
- e. Create seed-rich habitats, on at least 2% of the farm
- f. In-field management, including progressive soil management and integrated pest management.

A key benefit of these actions is that they combine environmental land management and sustainable agronomic practices, which could provide a robust basis for an effective, but accessible E.L.M. SFI. However, uptake must be improved. Evidence suggests that at least 30% of farms by area would need to manage at least 10% of their land for nature to recover farmland wildlife. Higher Level Stewardship only achieved an uptake of around 14%⁶.

6.4 For the new E.L.M. scheme, annual management payments should be confined to management with a strong win-win for at least one other environmental objective. An example might be the creation of wetlands, which may be expected to result in positive outcomes for both biodiversity and diffuse pollution. The example of the importance of this is the value for money from Catchment Sensitive Farming being unclear. In 2019, nearly £75 million was spent on just two options, roofing (RP28) and yard renewal (RP18), under Countryside Stewardship. Uptake of measures and advice has been high, but this has only translated to relatively small changes in water pollution⁷.

6.5 In conclusion, broad and shallow AES approaches have failed to stop nature's decline. Deep and targeted approaches have led to localised recovery. Finding the balance between these two approaches is critical. We do not yet have enough information on the three components of E.L.M. to know whether Defra has learned this lesson.

⁶ Sharps, E. et al (2019). Report to Natural England on ECM_52672: Predicting the extent of agri-environment provision needed to reverse population declines of farmland birds in England.

⁷ Environment Agency (2019) Catchment Sensitive Farming Evaluation Report – Water Quality, Phases 1 to 4 (2006-2018). Natural England publication, June 2019.

Annex 1 – Wildlife Trust E.L.M. Tests and Trials

1. Cheshire Wildlife Trust - A natural capital base, farmer-led model of the delivery of environmental public benefit on a landscape scale in the uplands.
2. Cornwall Wildlife Trust - Development of a Natural Capital assessment tool and App.
3. Cornwall Wildlife Trust – Making ELM work for the horticulture sector.
4. Gloucestershire, Herefordshire, Worcestershire, Berkshire, Buckinghamshire, Oxfordshire, the Hampshire and Isle of Wight Wildlife Trusts - A facilitated, farmer-led approach to the delivery of environmental public goods on a landscape scale.
5. Kent and Sussex Wildlife Trusts - Delivering ELMS at a landscape scale through Farmer Clusters
6. Lancashire Wildlife Trust - Trialling how Environmental Land Management and net gain could help to deliver the Nature Recovery Network in peri-urban areas.
7. Lincolnshire Wildlife Trust - Developing a landscape scale natural area approach to delivering ELMS looking at nature recovery network and local partnership delivery mechanism
8. Lincolnshire Wildlife Trust - Developing a landscape scale thematic approach to delivering ELMS looking at integrated water resource management and a strategic partnership delivery mechanism.
9. Shropshire Wildlife Trust - Connecting the Clees.
10. The Wildlife Trust for Bedfordshire, Cambridgeshire and Northamptonshire - Delivering a catchment-based nature recovery network.

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