

Environmental Land Management – Sustainable Farming Incentive

What is Environmental Land Management for?

We aim to design and administer schemes in a way that:

- will support farming and the countryside to make a significant and widespread contribution to environmental goals, including by reducing greenhouse gas emissions
- is trusted by the sector
- attracts wide participation – we want to increase participation rates in Environmental Land Management schemes from the current 30% in agri-environment schemes to more than 70% of farmers by the end of the transition, with even higher participation in the Sustainable Farming Incentive
- supports a sustainable and vibrant sector

Our Environmental Land Management scheme will introduce a new approach to paying for public goods, with:

- more choice and control for farmers
- a greater focus on outcomes and the main practices and interventions that support them, rather than the bureaucracy and prescription that was required under EU schemes
- a fairer, more supportive and effective approach to compliance.

We will pay for delivery of land management actions that contribute to:

- clean air
- clean and plentiful water
- thriving plants and wildlife
- reduction in and protection from environmental hazards
- mitigation of and adaptation to climate change
- enhanced beauty, heritage and engagement with the environment

Sustainable Farming Incentive will apply to farmers. It will pay them for actions they take to manage their land in an environmentally-sustainable way. Actions will be grouped into simple packages to make it as easy as possible for farmers to identify what actions are best suited to their land. All farms will be able to sign up. We'll support these farmers to develop a whole farm plan to help make their land and their business sustainable.

The plan is for Sustainable Farming Incentive to be open and accessible to all farmers, to help them contribute to important environmental and animal health and welfare outcomes. We need this component to achieve important environmental outcomes across the whole countryside.

How we will pay for public goods

The way we pay for public goods will be different – less prescription, more choice and flexibility. The length of the agreements will be flexible according to individual circumstances and what farmers want to deliver through their agreements.

Examples of the types of actions we envisage paying for include but are not limited to:

- focusing on: cropland management; grassland management; livestock management; tree and woodland management; boundary and hedgerow management; soil management; nutrient management; integrated pest management; efficient water use; wildlife and biodiversity; and the protection of heritage assets – where these go further than regulatory requirements.

Payments will be set to make sure that making environmental improvements is financially viable and fair, and to encourage a high level of participation, which will be critical to achieving our environmental objectives.

There is scope to blend public and private funding and finance, including through mechanisms such as reverse auctions and marketplaces for ecosystems services that offer both public and private benefits. This is particularly likely within Landscape Recovery, given its focus on discrete large-scale projects, although there are also opportunities within the Sustainable Farming Incentive and Local Nature Recovery. This will help us deliver the environmental objectives at greater scale and ambition than we could using public funding alone. We plan to develop our policy proposition for how we might blend finance over the coming months, with a view to testing potential mechanisms through tests and trials and the National Pilot.

In developing our approach to calculating payments we are learning lessons from current schemes, testing aspects through tests and trials and are acutely aware that payments need to provide a fair return to participants if our Environmental Land Management scheme is to deliver on our challenging ambitions

We will set out more detail on the specific types of land management action that we plan to pay for and how we will set payment rates in early 2021.

Eligibility

We will recruit a broad range of participants representing all types of farmers likely to be eligible for the three components of our Environmental Land Management offer, including different farm types, horticulturists and foresters. We will also take account of other considerations, such as size of holding; whether they are tenants, landowners, commoners or other types of land tenure; geography; level of digital access; and experience of farming/agri-environment schemes.

Places in the National Pilot will be limited. We will share details of eligibility and how to get involved when we launch the pilot in 2021. Our current plan is that:

- recruitment into the National Pilot will be staggered in three phases, to allow us to test improved prototypes as we go
- we intend to involve over 1,000 farmers in phase 1 of the pilot; scaling up to around 5,500 in total by the end of phase 3, with the pilot progressively evolving and extending the range of participants over the 3 years

Participants will enter into National Pilot agreements, which would last until the pilot ends. So, people who join early would be in the National Pilot longer than people who join later, and they would all finish together when the National Pilot ends in late 2024. We expect that participants will apply to transfer to the full scheme once available, but that will be the participants' choice.

Payments

Participants will be paid a competitive rate for taking part in the National Pilot. Payments will cover the cost of delivering land management actions, and time spent actively contributing to pilot learning. Further details are still to be confirmed and these will be made available before we seek expressions of interest for participation in the National Pilot.

Timings

We will begin recruiting for the National Pilot from early 2021 and operate on the ground from late 2021 until late 2024. Timings are expected to be:

- **Sustainable Farming Incentive pilot:** will help us test and pilot the full Sustainable Farming Incentive offer which will be made available from 2024. In early 2021 we will

KATHRYN there was an extra bit then on sustainable farming:

The Sustainable Farming Incentive is one of the three components of our Environmental Land Management offer. Some of the core elements of this scheme will be launched in 2022 and made widely available to farmers only.

The purpose of the Sustainable Farming Incentive is to encourage the adoption of some simple actions that achieve more important environmental outcomes and provide a foundation for more advanced actions and improvements in the future.

We want to attract high uptake and achieve environmental outcomes at scale with an attractive, simple, trusted and relevant offer.

By rolling out some elements of the Sustainable Farming Incentive in 2022, we intend to provide farmers with a simpler, more straightforward way to engage in agri-environment schemes from 2022 onwards, building a foundation for the full Sustainable Farming Incentive. This will achieve important environmental and climate change outcomes, exceeding those in current EU and regulatory requirements. The Sustainable Farming Incentive should complement and be additional to activity delivered under any other schemes that will be running in parallel (e.g. Countryside Stewardship, grants and resilience support). We want to ensure it is relevant, practical and achievable for a wide range of farm types (e.g. arable farms, lowland grazing farms, upland farms, organic farms and mixed farming systems). It is essential that it is transparent and fair and builds trust and confidence ahead of the full roll-out of the three components of our Environmental Land Management offer in 2024.

The Sustainable Farming Incentive pilot will operate at the same time as the early roll out of some core elements of the scheme. Both are a key part of the development of our final offer:

- The Sustainable Farming Incentive pilot will involve a smaller group of participants with greater opportunity to co-design the full offer ahead of 2024. It will be a deeper test of the environmental potential of a much wider range of sustainable farming actions, and it will allow us to test the new approaches we want to use for the full scheme from 2024.
- The early roll out of some core elements of the Sustainable Farming Incentive will provide a valuable insight into how large numbers of participants engage with an initial subset of the Sustainable Farming Incentive actions and provide a solid foundation for us to build on as we roll out the fuller offer. From 2022 to 2024, we will gradually expand the Sustainable Farming Incentive, drawing on pilot learnings, until it includes all the features and options of the full scheme.

Scheme description

In 2022, the Sustainable Farming Incentive will pay participants for delivering some of the foundational elements of environmentally-sustainable farming. Participants will be able to choose which elements of the scheme they want to take part in. It will initially focus on soil management, integrated pest management, nutrient management and livestock management. The Sustainable Farming Incentive agreements will support farmers to make sustained, sustainable changes that really make a difference over time.

Eligibility

Initially, all farmers currently in receipt of the Basic Payment Scheme will be eligible, including those already in land management schemes such as Countryside Stewardship. As we pilot, initiate and then scale up the Sustainable Farming Incentive between 2021 and 2024, we aim to expand the range of options on offer and we will explore making it available to a wider group of participants which could include smaller farms, horticulture and pig/poultry farms that do not receive Direct Payments.

Payments

Farmers will be offered a payment in return for delivering some of the foundations of environmentally sustainable farming.

We will provide further information about the available options and payment rates under the Sustainable Farming Incentive in 2021, ahead of launch in 2022

Timings

The Sustainable Farming Incentive will start in 2022. From 2022 to 2024, we will gradually expand the Sustainable Farming Incentive offer, until it includes all the features and options of the full scheme. We will publish details of the scheme and what it will pay for by June 2021 at the latest.