Environmental Land Management
Our vision for a future scheme

Stakeholder Meeting, 21 May, Crewe
“It is this Government’s ambition to leave our environment in a better state than we found it.”

“We will replace BPS with a system of public money for public goods”

“I believe the most important public good we should pay for is environmental protection and enhancement.”

The Rt Hon Michael Gove MP
Our ambition is:

• A dynamic, more self-reliant agriculture industry
• A reformed agricultural and land management policy
• Supplying products of the highest standards
• Remaining internationally competitive and increasing exports

On the Environment: 1st generation to leave it in better shape than found it

• Delivering a better and richer environment
• Implementing the 25 Year Environment Plan (25YEP)
• Replacing BPS with Environmental Land Management (ELM)
• ELM the primary means of achieving our environmental ambitions
The new scheme:

- Will pay providers who take responsibility for delivering environmentally beneficial outcomes

- Based on **natural capital** principles, so that the benefits the natural environment provides for people and wider society are properly valued
How will we achieve this?

Incentivising methods of farming that help meet 25YEP including:
- Improving soil health and restoring and protecting our peatlands
- Focusing on woodland to maximise its many benefits
- Protecting crops while reducing the environmental impact of pesticides
- Reducing risks from flood and coastal erosion

Ensuring public money is spent on environmental public goods such as:
- Restoring peat bog
- Protecting dry stone walls and other aspects of our heritage
- Extending woodland, increasing forestation

We are committed to co-design the new scheme with our stakeholders
Principles of the new scheme

1. Work constructively with scheme members - collaborative not punitive
2. Simple, clear application, minimal essential information required
3. Able to inspire members to improve the environment and collaborate to deliver landscape scale benefits
4. Places the scheme member in control of what and how they deliver environmental benefits and makes them responsible for achieving those environmental benefits
Scheme outline

Three potential elements: Plans, Standards (requirements) and Options

These can be combined to offer varying levels of control over what, and how, a land manager chooses to deliver

- 1. Whole Farm Plan
- 2. Standards / Requirements
- 3. Standards / Options

Greater farmer responsibility

Less farmer autonomy and flexibility
1. Whole Farm Plan

- Farmer owned
- Encompasses whole operation, both production (food, agro-forestry, recreational) and environment
- Planned measures covering following 12 months, as part of structured longer-term actions and intentions
- Could be part of wider catchment area/other group
- Expert advice and sign-off required for plan – to confirm it should provide intended environmental benefits
- Payments based on linking environmental outcomes with scheme ‘price list/readie reckoner’
- Open-ended contract with annual independent inspection/audit
- Plan requires a map and must be posted online, freely accessible
1. Whole Farm Plan (continued)

Other Possible Elements:

- Plans required to be locally peer-reviewed, benchmarked, compared with other local plans?
- Reflect local/regional priorities/particular features
- Engagement with local community encouraged
- Potential linkage with Farm Assurance plan requirements and sustainability benchmarking?
- Contents of the plan may be influenced by membership of a group, steer from a facilitator or local environmental project governance (e.g. linked to Nature Recover Areas, catchment partnership etc.)
2. Standards - Requirements

• Farming System Requirements – broadly based across the land holding rather than specific management or results-based options on particular land parcels

• Feature Based Requirements – set of basic requirements specified for each broad category of holding/land type. Scope to add additional ‘packages’ to increase benefits

• Proportionate Requirements – defined in proportion to farm area
3. Standards + Options

- Standards apply at the holding scale, applicants choice on which standards to meet
- A menu of options provides additional choices at a parcel or feature-specific scale
- Options developed from those tried and tested in earlier schemes

- Options could be prescriptive or more results-based:
  - **Prescriptive**: restricted scope to adapt on the ground for particular circumstances
  - **Results-based**: farmer signs up to deliver specific outcome with broad freedom on how to do it. Baseline survey and unambiguous result criteria needed
Monitoring

- Participants must demonstrate, when audited, unannounced, compliance with scheme requirements
- Minimal, risk based monitoring and inspecting aimed at improving quality and application of plans
- Audit process pushes participants to strengthen performance
- Penalties only where flagrant failings apparent. Suspension from scheme, payments only resume when full compliance demonstrated for three consecutive years
- Fixed sum penalties for regulatory breaches, prosecution for fraud
Possible elements of plan-based ELM

**Scheme Delivery Body**

- Provides *guidance* on outcome achievement, result criteria, enforcement
- Provides training and group advice
- Provides approved categories of Experts and Assessors
- Provides ‘price list’/’ready reckoner’ for farmer self-assessment of value of contract
- Stimulates local governance in target areas

**Monitoring**

- Provides a contract template, plus T&C
- Authorises Payments on receipt of completed contract
- Risk based audit of % of holdings

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**Farmer/Land Manager**
- Whole Farm Plan produced to access ELM scheme
- Confirm Plan in place what it will do and price
- Contracted under ELM to provide said benefits
- Undertakes actions

**Monitoring**
- Environmental Outcomes
- Payments
- More sustainable business

**Linkage with Farm Assurance plans**

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**Independent Third Party**
- Independent Expert
  - Provides environmental advice and formal endorsement of plan
- Independent Assessor
  - Audits/verifies actions implemented in line with plan
- Local Partnership Governance influence

**Independent Expert**
- Helps farmer review and improve plan every year

**Independent Assessor**
- Conducts annual checks

**Monitoring**

**Environment Outcomes**

**Payments**

**More sustainable business**

**Linkage with Farm Assurance plans**

**Environmental Land Management: Our vision for a future scheme**
Roundtable:
Discussion on proposed approach
Questions to discuss

1. How can we make a new ELM scheme simple and accessible? What are the pros and cons of specific approaches/options?

2. What barriers do we need to overcome to encourage farmers and land managers to take part in a new ELM scheme?

3. What guidance/assistance would be required by land managers and how could it be delivered?

4. Which environmental outcomes would you like to see encouraged or rewarded, should these outcomes be universal or locally targeted?
Future Environmental Land Management System:

Tests, Trials and Piloting
Leaving the Common Agricultural Policy provides an opportunity to improve how we produce food and use our land.

At the heart of this will be the principle that public money should be spent on public goods.

Our proposals are the beginning of a conversation.
Moving away from the Common Agricultural Policy

Direct Payments will be phased down

Productivity measures will be funded

New environmental land management and animal welfare schemes will be introduced

Designed to help farmers prepare for change

Will last several years, and likely start between 2020 and 2022

Devolved administrations will have flexibility to target own support

UK formally leaves EU

Start of ...

Implementation Period (until end of December 2020)

At some point ..

New agriculture policy begins

Environmental Land Management: Tests, Trials and Piloting
What do we mean by ‘public money for public goods’?

Public Goods are things that benefit more than just the recipient and cannot be rewarded by the market alone.

Our new agricultural policy in England should be underpinned by the principle that public money buys public goods.

What are your priorities for public money:

- during ‘agricultural transition’ away from CAP support?
- in the future-state policy?

Some examples of public goods provided by the farmed landscape:

- Around £4bn* worth of environmental benefits from farmland, forestry, woodland and trees per year in the UK, including:
- £182m* of air filtration benefits from farmland in the UK.
- More than 116 thousand miles of rights of way in England, as footpaths, bridleways and byways.
- Land management contributes to the protection of iconic landscape features, such as dry stone walls.
- The value of educational visits to farmland (UK) is estimated at £1.86m*
What do we mean by tests and trials?

**Tests**

- Shorter and tend to focus on specific elements or building blocks
- Lower risk, involve limited funding, few participants and can be explorative and iterative

**Trials**

- Provide proof of concept for new ideas, allow us to assess the relative deliverability and value for money of more novel or innovative delivery methods, as well as understand the role they can play in the future scheme
- Could run for various lengths of time and will only be introduced into the national scheme once we fully understand how they add value
Scope of tests and trials

• To test different approaches for a new ELM scheme to make sure that the approach we choose:
  • is user friendly
  • administratively simple to deliver
  • provides value for money for the taxpayer
  • rewards the land manager for the public goods they provide
  • delivers environmental benefits

• To trial aspects of the new ELM scheme to understand if and how they could be rolled out as part of a new national scheme. This may include:
  • New or innovative approaches such as payment by results, conservation covenants or reverse auctions
  • The balance between national objectives and local priorities
  • Catchment scale or area-based approaches
  • Valuing environmental outcomes
How will we will use tests and trials?

• We aim to introduce a new scheme that is simple to understand and deliver, easy to access and provides cost-effective environmental benefits.

• We will use tests and trials as a means to work with farmers, land managers and stakeholders so that they can contribute to the contents and design of the new scheme.

• We will test and trial elements of the new scheme to understand how and if they work in a real life environment, with different user groups.

• We will also trial different approaches to help us to understand if and how they could be used as part of the new national scheme.

• We will work with interested parties including stakeholders, farmers and land managers to conduct the tests and trials.
Examples of what we may test and trial

- **Design approaches** - to understand which is most popular, simple to administer, provides value for money and delivers environmental benefits

- **Whole farm plan approach** - to understand what we need to include within a plan, how long it should be and the most effective and simple methods of audit and verification

- **Advice and guidance** – to determine what type of advice and guidance would help land managers and farmers to put together a farm plan and how this could be funded

- **National objectives and local priorities** – to test how we balance the national objectives of the scheme with local priorities

- **Natural Capital principles** – to test different approaches to valuing environmental outcomes and how these might work in practice
More examples of tests and trials

• We will need to understand how the new scheme will affect **specific groups** of land managers and farmers such as:
  - Commons
  - Uplands
  - Tenant farmers
  - Organics

• New or innovative approaches to payment and **delivery** – to understand how these could be rolled out more widely and in what circumstances. Examples include reverse auctions, payment by results and conservation covenants.
What do we mean by piloting?

• Takes place over a longer time-frame and evaluates the whole package.
• Tend to involve a number of risks and require both significant human and financial resources
• Utilises a representative sample of participants from the population and are intended to spot interactions that may have been missed in testing (at least 5% of the total eligible population)
• As close to the final version of the scheme as possible
• Will assess the end-to-end operability and deliverability of the scheme and allow us to identify and refine any issues or barriers that we may have missed during testing
• Won’t evaluate the effect of scheme participation on environmental outcomes as they will not continue for long enough
• We will run these in conjunction with stakeholders and other interested parties
Timeframe

- **Tests and trials**
- **Pilot**
- UK formally leaves the EU
- Implementation Period
- Agricultural Transition
- Fully functioning new ELM scheme

Environmental Land Management: Tests, Trials and Piloting
Known “unknowns”

• Funding
• Timescales
• How we transition from current schemes to the new schemes
• Future relationship with the EU and other trading partners (impact on ELM)
• Future of Basic Payment Scheme
Roundtable:
Discussion on Tests and Trials
Questions to discuss

1. What do you see as the priorities for the tests and trials work?
2. How do you feel you could contribute to testing and trialling?
3. How can we most effectively continue to communicate with you moving forwards?
Summary and next steps

• Series of meetings with groups of stakeholders over the coming weeks to discuss their ideas and outline our progress
• Further develop the 3 options for the new scheme and test these with stakeholders
• Bring together evidence and research on new and innovative delivery mechanisms
• Investigate options for funding for tests, trials and pilots
• Continue to accept and seek ideas and suggestions for tests and trials
• Set parameters to define what we are seeking to achieve from tests and trials
• Develop a programme of tests, trials and pilots and options for how these can be delivered given funding pressures
• Begin early testing from late 2018