

Sustain: The Alliance for Better Food and Farming  
The Green House  
244-254 Cambridge Heath Road  
London E2 9DA

020 3559 6777  
[sustain@sustainweb.org](mailto:sustain@sustainweb.org)

James Woodward  
Sustainable Farming Officer  
[james@sustainweb.org](mailto:james@sustainweb.org)

29<sup>th</sup> January 2021

## **EFRA Committee Inquiry: Environmental Land Management and the agricultural transition**

### **Preamble**

Sustain is the UK alliance for better food and farming and a registered charity. We represent over 100 not-for-profit national organisations and work with hundreds more at local level. We advocate food and agriculture policies and practices that enhance the health and welfare of people and animals, improve the working and living environment, enrich society and culture and promote equity.

We welcome the opportunity to respond to the EFRA Committee inquiry on the Environmental Land Management and agricultural transition plan. Our primary reason for writing this submission is that there is still a significant lack of detail on the support mechanism available to farmers. A summary of Sustain's recommended actions are detailed here and our primary concerns are:

1. The lack of detail on the agricultural transition schemes and Environmental Land Management (ELM) are hindering farmers' abilities to plan ahead with enough certainty.
2. That the initial 4-year direct payment reductions are swift in the grand scheme of the wider shift to a new farming policy direction and that a high percentage of farms need a safety net support mechanism to make necessary changes to adapt over a slightly longer timeframe – this also links to the above issue of farmers not being able to plan with enough certainty.
3. The Sustainable Farming Incentive (SFI) is lacking in ambition to reward and encourage farmers to progress towards higher standards of farming (such as organic, pasture-fed and agroforestry whole farm systems).
4. The lack of information on payment methodology and rates, and that the direction of income foregone plus costs announced by Defra in November will not be adequate to incentivise public goods outcomes.
5. That entry level requirements might have one of two effects: 1) not attract enough farmers into ELM; or 2) discourage farmers to progress up to the higher standards within the SFI and ELM.
6. That free at the point of delivery environmental advice is not being considered for the SFI and that this may hinder farmers in delivering public goods.

**Q1: is the Government's timeframe for the national pilot, full roll-out of ELM and phasing out direct payments by 2027 feasible?**

- If Defra can meet milestones and address issues in a timely manner, the 7-year transition period is workable. However, there has not been any commitment to flexibility if deadlines are not met. Given the scope and magnitude in change of policy direction, we would like Defra to provide some reassurance that they can and will be flexible if needed.
- The 4-year period (2021-2024) to substantially reduce direct payments is quite short. Many farm businesses rely on this support to stay afloat (because policy has pushed this direction for many years). [Defra's own analysis](#) suggests that 42% of farms would fail to cover their costs if direct payments were cut. This is a significant percentage at risk; we want to see Defra support a just transition. There must be a safety net support mechanism in place to allow these farms more time to make the changes needed.
- ELM is a major shift in farming policy direction and farmers still have a lack of detail to plan ahead. We want to see direct payments phased out and public goods brought in, but this agricultural transition must be a just one.
- The ELM National Pilot timeframe is short. Phase 1 starts later in 2021 and stakeholders have not been informed on which pilots will go ahead this year. We believe Defra will not include a horticultural or organic pilot – this is a significant gap which needs addressing.
- We would like Defra to lay out more detail on the main support mechanisms for farmers – e.g. direct payments, Countryside Stewardship, Sustainable Farming Incentive, and Environmental Land Management over the next 7-years. This could be addressed through some sort of 'plan of action' which sets out milestones and provides farmers with advice on how to prepare for changes.

**Q2: 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?**

- There is currently a lack of detail on the Sustainable Farming Incentive pilot standards for year 1 and 2 though the ELM Engagement Group and sub groups have seen some detail. From information provided by Defra, we are concerned that certain farming groups will not have access; for instance, horticulture farms or those on common land.
- There has been no announcement on payment methodologies or rates. Therefore, we cannot assess if the SFI will be: a) attractive for a majority of farms; and b) incentivise farmers to move up to higher environmental standards. The recent thinking from Defra of income foregone plus costs will be inadequate to meet the public goods outcomes that are needed. This lesson should have been learnt from the lack of outcomes from Countryside Stewardship schemes (as suggested in Defra's own analysis from [ELM Test and Trials on payments rates](#)).
- So far, the details that have been given on the SFI shows a lack of ambition on public goods. If it does not reward farmers to move into whole farm system approaches – like organic, pasture-fed and agroforestry – ELM may struggle to meet its aspirations for climate, nature, natural flood management, water and air quality, and other public goods. However, we hope that Defra use the transitional period as an opportunity to mould the scheme into something that can deliver for all farmers and properly reward those who aim high.

**Q3: How effectively has Defra engaged with land managers and other stakeholders on the design of ELM, including on the transitional arrangements?**

- Overall, Defra have been providing decent opportunities for engagement. This has included the ELM Engagement Group (EEG) for stakeholders, some webinars and the use of co-design workshops with the Future Farming and Countryside Programme (FFCP). The pandemic prevented the series of regional event from happening and site visits for ELM staff. However, we also know that Defra have used other avenues of engagement that has left a number of crucial stakeholders out of important discussions – such as CAP stakeholder groups.
- We have been disappointed in the lack of engagement with a broader range of farming groups. Until recently, the organic sector had too few stakeholder opportunities, which is a major gap given the integrated public goods that can be derived from organic systems.
- Furthermore, and this is a common concern across the farming sector and civil society, Defra have been slow to provide details. This is still an issue and farmers continue to call on Defra to give more information so that they can think ahead with a better level of certainty.

**Q4: How can ELM be made an attractive business choice for farmers and land managers while effectively delivering its policy goals?**

- The Sustainable Farming Incentive standards must be structured in a way that properly and fairly rewards farmers for delivering more for the environment. This must include incentivising farmers to go beyond the entry level of the SFI and progress up to the higher standards. Our understanding is that there will be an entry, middle and higher standard of ambition within each of the SFI Standards, but there is limited information on how this will work within the other components of ELM (i.e. Local Nature Recovery and Landscape Recovery).
- There needs to be, from the pilot onwards, a clear and accessible set of tools for applicants and/or scheme administrators to measure real world outcomes related to the 25-Year Environment Plan and other targets such as on engagement and net zero emissions. We can not only rely on the evidence base that suggests one action will lead to an outcome; both farmers and taxpayers need to know there is benefit delivered.
- It must be simplified as much as possible without losing its rigour – by that, we mean that the administering of an ELM agreement on-farm must not be so much of a burden as to put farmers off applying. Lessons must be learnt from the Countryside Stewardship Mid-Tier and Higher-tier schemes. Options could include:
  - Reduce the requirement for *unnecessary* evidence gathering and submission to the Rural Payments Agency.
  - Remove certain inspections which evidence suggests does not deliver any positive outcomes for the environment or the outcomes set to be achieved through the ELM agreement.
  - Review the enforcement measures used and have a sliding scale when it comes to fines and other issues – i.e. smaller farm businesses pay a lower fine than a larger farm business. This may be a fairer way of enforcing the schemes.

**Q5: How can the Government ensure that ELM agreements achieve their intended environmental outcomes, reduce bureaucratic burdens on farmers and deliver value for money?**

- Design the Sustainable Farming Incentive (SFI) so that all farmers can access the scheme. The entry requirements must ensure that farmers do more than the regulatory baseline by a noticeable margin, but in a way that engages the vast majority of farmers with delivering on environmental

outcomes. Defra must learn from the inability of Countryside Stewardship to [attract large numbers](#) of farmers and land managers.

- The SFI must be structured so that it provides a clear pathway from entry level up to higher standards of farming such as organic, pasture-fed and agroforestry systems. It must discourage farmers to stay on the entry level. If it fails to enable this progression up, ELM may struggle to deliver on its aspirations of public goods.
- Defra must use a payment structure that properly incentivises farmers to make that journey successfully up to higher standard farming systems. This whole farm systems based approach delivers a greater range of public goods through the synergies that are gained from a system-based approach (as explained in the English Organic Forum's paper '*Why Organic – Contributing Productively to Future Farming and Food Policy*').
- Integrate the three ELM schemes so that farmers can access funds from various aspects of ELM in order to deliver at both the farm, community and the landscape scale where appropriate. We want ELM to enable collaboration and not lead to a 'siloing' effect of individual farms acting as an island – this has been an experience of Countryside Stewardship. The development of Farm Clusters has started to show the co-benefits of collaborating within a landscape. We are in favour of a land sharing approach to farming policy.
- Have common policy-drivers and integrate the array of schemes in the Agriculture Transition Plan, such as the Animal Health and Welfare Pathway and the Farm Investment Fund, to reduce administration burden for farmers and ensure they are all delivering on public goods. So far it has been hard to discern how well these are linking up in Defra's work streams.
- Provide free and independent advice from trusted sources like the Catchment Sensitive Farming (CSF) incentive and the Farm and Wildlife Advisory Group (FWAG) or a form of farmer accreditation so farmers can become advisors. We believe that advice should only be funnelled through agronomists and land agents independent of the agri-supply chain. Defra's [own evidence reporting](#) on the ELM Test and Trials highlights that farmers want access to advice throughout all components of ELM. Therefore, Defra must recognise this and make the choice to build advice into the Sustainable Farming Incentive as an option for farmers, and not simply rely on guidance documents hosted on GOV.UK (which seems to be the direction of travel at the moment).
- Further on advice: Charlotte Chivers, from the Countryside and Community Research Institute (University of Gloucestershire), has carried out extensive research on farmers' willingness to pay for environmental advice delivered by Catchment Sensitive Farming. The vast majority of the 281 farmers and 50 advisors surveyed and interviewed stated that farmers would be reluctant to pay. This is partially due to farmers not seeing the advice as relevant enough or because they have general financial constraints. Charlotte explains that "if this advice was no longer free, we run the risk of the so-called 'hard to reach' becoming the 'impossible to reach'. A move towards a charged-for model could be harmful to both the environment and farmers' livelihoods, in particular if this change occurs during the biggest transition period they have faced since 1947."
- Defra must be true to their policy-driver on making ELM accessible for all farms. This must, therefore, include smaller scale (i.e. those under 5 hectares) and also horticultural farms. We are calling on Defra to remove the 5 hectare limit and to recognise the role smaller scale producers play in creating diversity in the landscape. We also want Defra to ensure that all horticultural farms can access ELM, which is something that CAP schemes struggled to do.

**Q6: What lessons should be learned from the successes and failures of previous schemes paying for environmental outcomes?**

- The payment structure of income foregone plus costs is not attractive enough for farmers and will not adequately reward the delivery of outcomes. Therefore, we propose that Defra look at a payment structure that forgoes costs to reduce negative externalities, but which pays properly for delivering public goods outcomes.
- A prescriptive scheme is likely to be unattractive for farmers. There should be a level of trust that farmers will make the right choices. For example, rather than prescribing what cover crop species must be used, there should be greater flexibility by saying a minimum of 3 species should be included. That way, Defra are regulating for diversity but allowing farmers to choose which species will do the job they need. There is a balance to be had between being prescriptive enough to ensure the right choices are made that will deliver, but which are not so burdensome that the applicant chooses it is not worth their time.
- Provide a roadmap up the levels of standard in the scheme – there needs to be a clear pathway/vision that allows the applicant to move up the standard, rather than being discouraged to do so. We saw quite clearly that within Countryside Stewardship, most applicants did not want to move from Mid-Tier to Higher-Tier. If the Sustainable Farming Incentive is built on standards which are levelled something like entry, medium, high, then it must be that farmers are rewarded and supported in moving up to the higher level. If not, Defra's scheme could fail to deliver their aspirations of public money for public goods and ELM will lock in (or out) a transition to a more resilient and sustainable farming sector in England.