

# Agriculture reforms in England

Case Study



POLICY BRIEF

# Introduction

On 31 January 2020, the UK left the European Union and therefore also left the European Union's Common Agricultural Policy (CAP).

Agriculture is devolved in the UK. This means that the governments of each UK nation (the UK Government for England, the Welsh Government, the Scottish Government and the Department for Agriculture, Environment and Rural Affairs in Northern Ireland) are able to introduce agricultural policies which suit their particular circumstances.

This case study looks at the new system which is being introduced in England. This is the most significant change to farming and land management in England in 50 years. Our vision for sustainable farming is for a thriving agricultural sector where the majority of farms are profitable, productive and economically sustainable without subsidy through basic payments, and are all making a significant and widespread contribution to environmental, biodiversity and climate change goals.

Between 2021 and 2028 we will gradually reduce and then stop untargeted Direct Payments in England. We will invest the money that we free up to support farmers to improve the environment, improve animal health and welfare, and reduce carbon emissions.



## England's reforms

Environmentally sustainable farming is fundamental to our new approach to England's agricultural system, and we are introducing three schemes that reward the delivery of environmental benefits: the Sustainable Farming Incentive, the Local Nature Recovery scheme and the Landscape Recovery scheme.

In mid-2022 we will start to roll out the Sustainable Farming Incentive, followed by the other two schemes. We expect they will be fully running by 2024, but we will continue to adapt them based on the learning we derive from user testing and regular use. We are working with farmers, land managers and other partners to co-design these schemes. Piloting of the schemes, starting in late 2021, will provide a critical opportunity to test and refine them as part of their rollout.

There will be three levels of support aimed at paying for sustainable farming practices, creating habitats for nature recovery and making landscape-scale change such as establishing new woodland and other ecosystem services. Some options will be universally open to all farmers and land managers, while others will be more targeted at a smaller number of large projects.

Our aim is to design and administer schemes in a way that:

- will support farming and the countryside to make a significant and widespread contribution to environmental, biodiversity and climate change 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% 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.

More information about each of the three schemes that will reward farmers and land managers to produce public goods is below.



## Sustainable Farming Incentive

The Sustainable Farming Incentive will pay farmers for actions they take (going beyond regulatory requirements) to manage their land in an environmentally-sustainable way. Actions will be grouped into simple packages set out as standards, to make it as easy as possible for farmers to identify those actions that are best suited to their land and their business. We'll support these farmers to develop a whole-farm plan to help make their land and their business sustainable.

Our aim is to make it attractive and straightforward for everyone to take part, including the many farmers who are not currently in an agri-environment scheme.

We are working with a range of stakeholders from farming and environmental backgrounds to design and develop the Sustainable Farming Incentive.

## Local Nature Recovery

The Local Nature Recovery scheme will be focused on securing significant environmental benefits across the country - empowering farmers, foresters and other land managers to build bespoke agreements that meet their local priorities.

The types of activities that will be paid for under Local Nature Recovery include:

- Creating, managing and restoring habitats such as woodland, wetlands, freshwater, peatland, heathland, species-rich grassland, and coastal habitat, as well as connecting isolated habitats to form networks;
- Natural flood management;
- Species management;
- Rights of way, navigation and recreation infrastructure;
- Education infrastructure, events and services; and
- Geodiversity and heritage asset management.



## Landscape Recovery

Landscape Recovery will support the delivery of landscape and ecosystem recovery through long-term, land use change projects, including projects to restore wilder landscapes in places where that is appropriate, large-scale tree planting and peatland restoration projects. These projects can deliver a wide variety of environmental outcomes and support local environmental priorities while making an important contribution to national targets. We expect that this component will be competitive.

Starting from 2022 we will begin piloting Landscape Recovery through initiating ten long-term projects. These projects will help us restore wilder landscapes and will commence between 2022-2024. The focus will be on large-scale sites, typically around 2000-

3000 ha, where there are opportunities to significantly enhance the landscape to deliver a diverse range of environmental outcomes.

This will support the delivery of our ambitious national targets and commitments, such as the Government's pledge to protect 30% of the UK's land by 2030 and the establishment of a Nature Recovery Network. Eligible projects could focus on creating woodland, restoring wetland and peatland, enhancing bogs, fens or saltmarshes, or other valuable land-use change, and they could create, expand or link nature reserves.





## Other Support

### Productivity, innovation and R&D

We know that innovation and technology are key to boosting productivity while, at the same time, enhancing the environment and feeding a growing global population.

In order to achieve productivity growth, we are putting forward an ambitious package of measures which will focus on enabling investment, supporting innovation, facilitating structural changes, and increasing capability and skills.

### Farming Investment Fund

The Farming Investment Fund will launch in autumn 2021. It is made up of the Farming Equipment and Technology Fund, and the Farming Transformation Fund. This funding will pay out grants for agreed items and larger scale projects which support improvements in productivity. The kinds of things grants might be awarded for could include:

- on-farm water storage infrastructure, including reservoirs;
- precision agriculture equipment;
- robotic or automated technology; and/or
- equipment and technology for storing, sorting, or processing products.

### Agri-Tech Strategy and Industrial Strategy Challenge Fund

We have committed significant funding for agri-tech and innovation through the 2013 Agri-Tech Strategy (Innovation Centres and Agri-tech Catalyst Fund) and currently with the £90 million Industrial Strategy Challenge Fund 'Transforming Food Production' R&D Funding programme.

The 'Transforming Food Production' challenge is supporting groundbreaking research and development so farmers will be able to harness the latest technology to produce high quality food, increase their productivity and move towards net zero emission productive farming systems by 2040. This £90m public investment aims to support the development and use of precision agricultural technologies that boost the efficiency and productivity of UK agricultural systems.

Defra has recently funded Farming Innovation Pathways, a new collaborative agricultural R&D competition delivered through UKRI's Transforming Food Production challenge fund, aimed at developing new and existing farm-focused innovations.

## Soil health

Soil is one of our greatest natural assets, underpinning a range of benefits, including food production, biodiversity, carbon storage, and flood protection.

The 25 Year Environment Plan (25YEP) sets out the Government's ambition to have sustainably managed soils by 2030, helping soils to function better to deliver a wide range of ecosystem services. In order to meet this ambition, we are developing a healthy soils indicator as part of 25YEP. The indicator will have a suite of parameters that reflect soil type and land use as well as key attributes of healthy soil, including its chemical, physical and biological characteristics.

We are also funding the research and considering the development of a renewed soil health monitoring scheme, designed to effectively measure and report on the soil health parameters needed to inform effective policy. The future monitoring scheme through the soil indicator will be able to inform us on the impact of changes in land management practices, including the wider take-up of bioenergy crops in rotations.

We are investigating the scope for a potential soil health action plan and whether an action plan would be an appropriate means of driving policy which supports land managers and farmers in achieving our goals for sustainably managed soils.