

England

Experience of the Agricultural Transition Plan (2021–2028): Moving from area-based agricultural subsidies to paying farmers to deliver environmental benefits

Context

Following the UK's exit from the European Union and its Common Agriculture Policy (CAP), England is reforming agricultural support to reward farmers for delivering environmental benefits rather than continuing with area-based payments, as was the case under CAP.

Environmental Land Management (ELM) is the foundation of this new approach. England's agricultural reforms¹ will contribute to the goals of:



1. Achieving net zero by 2050 through increasing farmers' adoption of low carbon practices. The decarbonization of agricultural emissions will result in a reduction of 4.2 MtCO₂e per annum in Carbon Budget 6 (2033-37) in England (excluding 3 of the Agri LULUCF measures).
2. Restoring 30% of nature and biodiversity by 2030, in line with the goals of the Kunming-Montreal Global Biodiversity Framework.
3. Improving water quality and soil health in line with legally binding targets in the Environmental Improvement Plan.
4. Improving animal health and welfare – supporting more sustainable farm productivity through higher welfare farming, improved biosecurity, tackling antimicrobial resistance and reducing greenhouse gas emissions from livestock.

These goals will be delivered in tandem with supporting sustainable food production. Under the Agriculture Act 2020, the UK Department for the Environment, Food and Rural Affairs (Defra) has committed to present a UK Food Security Report to Parliament every two years, which will assess the impact of the ELM schemes and report on the commitment to maintain food production at its current levels.

¹ Agriculture in the UK is devolved. Thus, other UK nations (Northern Ireland, Scotland and Wales) are responsible for their own agricultural policies, and are each making their own reforms to agricultural support to prioritize sustainability and environmental benefits.

Rationale

Studies find that, globally, current financial support for agriculture delivers low value for money as a way of helping farmers and is often unequally distributed; for every US dollar of public support, the return to farmers is 35 cents. Redirecting just 10% of public support to agriculture could deliver net gains of USD 2.4 trillion by 2040.²

Leaving the CAP has enabled the nations of the UK to rethink agricultural support. In England, the approach is to move away from area-based subsidies that are not directly linked to delivering environmental benefits, where support is inefficient or ineffective, offering poor value for money and undermining productivity improvements. Such direct area-based support can also inadvertently drive climate change, environmental damage and harms to health.

England's new **ELM schemes** are designed to work for farm businesses so that they can combine these schemes with food production to reduce their costs, reduce waste and improve farm productivity and resilience while also improving air and water quality, enhancing biodiversity and reducing emissions. Schemes are voluntary and incentive based, and can be combined as long as they do not pay for the same action twice.



Approach

Under the Agricultural Transition Plan (2021–2028) England is implementing a programme of ongoing payments through ELM schemes and one-off productivity and innovation grants to help farmers invest in new technologies.

Three schemes are available to pay for environmental and climate goods and services:

² Gautam, M., Laborde, D., Mamun, A., Martin, W., Valeria, P. et al. 2022. *Repurposing Agricultural Policies and Support: Options to Transform Agriculture and Food Systems to Better Serve the Health of People, Economies, and the Planet*. Washington, DC, USA: World Bank.

- **The Sustainable Farming Incentive** pays for sustainable farming actions that protect and enhance the natural environment alongside food production.
- **Countryside Stewardship** pays for targeted actions to create habitats and to promote cooperation across local areas to deliver bigger and better results.
- **Landscape Recovery** pays for bespoke, long-term, landscape-scale projects that enhance the natural environment.

Additionally, there is funding (in the form of one-off grants) for equipment, technology, and infrastructure to improve farm productivity and environmental benefits through the Farming Investment Fund and Farming Innovation Programme. The UK Government has supported new entrants to join the farming sector via the New Entrants Scheme, and those who wish to leave the sector to do so in a planned way via the Lump Sum Exit Scheme.

Key to the success of the transition is not just what policies are being changed but *how* government is managing it.

- Policy co-design: Working directly with farmers has been fundamental to designing new schemes.
- Simplifying things. Defra has simplified the application process – e.g., making it easier and quicker to apply online, and introducing rolling applications so farmers can apply at any time of year.
- Defra have worked hard to make the offer work for all farmers: all farm types, regardless of size, location, ownership or the systems used, can access funding and support that works for them. This includes making the offer attractive to smaller farms, and adjusting options to ensure they work for upland farmers and tenant farmers.
- Finally, Defra have improved the way rules around farming and the countryside are set and controlled to make regulation fairer, more proportionate and effective, e.g., issuing warnings rather than minor penalties.

Experience and results achieved

- In the first few years of the seven-year transition, a universal offer of schemes has been rolled out to farmers and land managers. This has increased uptake of schemes, and is on track to hit a target of 70% of farms and farmland being in schemes by 2028.
- There are now over 100 paid-for actions available under the Sustainable Farming Incentive and Countryside Stewardship.
- There has been significant uptake of ELM schemes, with 32,000 Countryside Stewardship agreements already in place across England for 2023, representing a 94% increase in uptake since 2020.
- In November 2023, 34 projects were awarded a share of GBP 25 million in project development funding through the second round of the Landscape Recovery scheme to deliver long-term, largescale changes to support environmental and net zero outcomes. These projects will combine both government and private finance to restore peatland, create woodland including some temperate rainforest, and benefit more than 160 protected sites.
- For productivity and innovation, more than GBP 168 million was offered in grant funding across 2023. This includes funding for equipment, technology and

infrastructure to improve farm productivity and benefits the environment through the Farming Investment Fund.

- Through the Farming Innovation Programme there are 173 projects under way, involving over 400 organizations driving forward innovations in robotics and automation, more environmentally sustainable pesticides and fertilizers, and making use of artificial intelligence to support animal health and welfare.

Lessons learned

1. **Importance of a gradual transition.** This is the biggest change to farming policy in the UK in 40 years. Therefore, the reforms are being rolled out over a seven-year transition period – while gradually phasing out direct payments, before delinking them from the land – to enable farmers to plan and adjust to the new schemes.
2. **Co-design/farmer engagement.** In order to incentivize farmers to join schemes and deliver our target outcomes for the environment, the schemes must be attractive and workable for all types of farm. Farmers have been brought directly into the policy design process from the beginning and throughout. Co-design pilots, tests and trials have been run with more than 5,000 farmers and other people, as well as several stakeholder organizations, since 2019.
3. **An iterative approach.** Farming is a long-term endeavour but must also be responsive when there is change – for example, climate change. The UK Government will continue to work directly with farmers to adapt and improve the offer. Listening to feedback and adjusting has been crucial so far. For example, farmers who signed up for our Sustainable Farming Incentive in 2022 outlined that they wanted more freedom to select the combination of actions they would undertake, rather than being presented with a menu of fixed packages. In 2023, the Sustainable Farming Incentive was redesigned in response to that feedback. Schemes will continue to adapt and more detail will be set out in an upcoming Agricultural Transition Plan Update in 2024.

This is one in a set of country case studies demonstrating policy action that individual countries are taking with the aim of transition to sustainable agriculture. They are country owned and do not represent wider views of the Policy Dialogue participants.