

# Government unveils path to sustainable farming from 2021

Plans to deliver a better, fairer farming system in England have been set out by government today. They will transform the way we support farmers, in the most significant change to farming and land management in 50 years.

The roadmap outlines changes that will come into force over a period of seven years to help farmers adapt and plan for the future. Outside the EU and no longer bound by the EU's bureaucratic Common Agricultural Policy, the plans set out how government plans to introduce a new system that is tailored in the interests of English farmers, centred on support that rewards farmers and land managers for sustainable farming practices.

The changes will be designed to ensure that by 2028, farmers in England can sustainably produce healthy food profitably without subsidy, whilst taking steps to improve the environment, improve animal health and welfare and reduce carbon emissions.

Next year marks the start of the transition where we will begin to move away from the Basic Payment Scheme (BPS) towards new policies that will be co-designed and tested together with farmers, land managers and experts, to ensure that the new systems work for them.

The government remains committed to its manifesto commitment to guarantee the current annual budget for every year of this Parliament.

The 'Path to Sustainable Farming' document, published today, sets out more detail on the changes we are going to make, and what they will mean for farmers.

The key changes include:

- Introducing the Environmental Land Management scheme to incentivise sustainable farming practices, create habitats for nature recovery and establish new woodland to help tackle climate change.
- Investing in improving animal health and welfare as part of our sustainable farming approach. This will initially focus on controlling or eradicating endemic diseases amongst cattle, pigs and sheep .
- Direct Payments will be reduced fairly, starting from the 2021 Basic Payment Scheme year, with the money released being used to fund new grants and schemes to boost farmers' productivity and reward environmental improvements.

- Launching a Farming Investment Fund, which will support innovation and productivity. This will open for applications next year and will be used to offer grants for equipment, technology and infrastructure for the future.
- Simplifying and improving existing schemes and their application processes further from January 2021 to reduce the burden on farmers, and we will take a modern approach to regulation, cutting unnecessary red tape for farmers and working together with industry to design a more targeted regulatory system.

In a speech to farmers and environmental groups, Environment Secretary George Eustice will say:

We want farmers to access public money to help their businesses become more productive and sustainable, whilst taking steps to improve the environment and animal welfare, and deliver climate change outcomes on the land they manage.

Rather than the prescriptive, top down rules of the EU era, we want to support the choices that farmers and land managers take. If we work together to get this right, then a decade from now the rest of the world will want to follow our lead.

While the roadmap provides a clear view on the changes coming through the transition, this will be followed by a period of engagement with farmers, land managers and other stakeholders to finalise the design and operation of the future system to ensure they work for everyone. For example, the final design for the future Environmental Land Management scheme will continue to evolve and adapt to the lessons learnt through co-design exercises, such as the ongoing tests and trials and upcoming National Pilot for the scheme.

The new roadmap comes a few weeks after the government's landmark Agriculture Bill passed into law, providing the powers needed to incentivise farmers to make the right environmental choices and help them to make the most of the opportunities available outside of the EU.

Further detail on the National Pilot for Environmental Land Management and the government response to the national conversation around the new scheme that took place earlier this year are due to be published early next year.

These measures apply to England only. Now we have left the EU each UK administration has the flexibility to develop agricultural policy suited to their own unique circumstances.

## Direct Payments

The Direct Payments currently made through the Basic Payment Scheme offer poor value for money, reward those with most land, inflate rents and stand in the way of new entrants. The savings from phasing out these untargeted payments will free up more of the agricultural budget, which will go back to farmers through the roll-out of Environmental Land Management scheme, and the introduction of schemes to help farmers to boost their productivity.

The document published today sets out how Direct Payments will be reduced fairly over the next four years, with the biggest reductions made to the higher payment bands. Further reductions will be applied until the last payments are made in 2027.

In order to ensure that farmers are adequately supported throughout this journey, farming resilience programme will be made available throughout the first three years of the agricultural transition period to help those most affected by the phasing out of Direct Payments. This will help farmers plan and manage their businesses through the transition to the new system.

The document also sets out the various steps that have been taken to simplify the Basic Payment Scheme for next year, in order to reduce the burden on farmers as they focus on transitioning to the new system. This includes important changes to cross-compliance, such as an increased use of warning letters and offers of advice over farmers receiving a penalty as the default response to a breach of the rules. It was also [announced earlier in the year that the greening requirements for BPS customers](#), which were complicated and historically delivered little for the environment, would be removed next year. This was documented in the [European Court of Auditors 2017 Special Report on greening](#). The new Environmental Land Management scheme, expected to be rolled out in late 2024, will introduce new ways of working together with farmers to deliver better environmental outcomes.

A statutory instrument (SI) is expected to be laid in Parliament this week to implement these simplifications ready for next year's scheme. This SI will also allow for improvements to cross compliance, such as the greater use of warning letters instead of default financial penalties and better inspection targeting.

Defra will consult formally on a proposal to offer lump sum exit payments to farmers who may wish to leave the sector and plans to delink Direct Payments from land for all farmers later in the agricultural transition.

## Environmental Land Management

Environmental Land Management will consist of three components:

- the Sustainable Farming Incentive, which will support approaches to farm husbandry that deliver for the environment, such as actions to improve soil health, hedgerows and integrated pest management,

- Local Nature Recovery, which will pay for actions such as creating, managing or restoring habitats, natural flood management and species management,
- Landscape Recovery, which will focus on landscape and ecosystem recovery through projects looking to achieve large-scale forest and woodland creation, peatland restoration, or the creation and restoration of coastal habitats, such as wetlands and salt marsh.

Farmers and land managers will be able to assess which component is best-suited to their land.

Work is ongoing to design the future scheme in collaboration with farmers and land managers and will continue next year, with the expected launch of the National Pilot in late 2021, which will involve up to 5,500 farmers over a three-year period. This will build on the lessons from the 68 live tests and trials being carried out by farmers across England to assess how the fundamental building blocks of the scheme will work on the ground. This will ensure that the new scheme delivers for our farmers and land managers, as well as delivering greener, cleaner landscapes and reversing the decline of some of our most cherished species.

Expressions of interest for the National Pilot are also expected to open early next year.

Some of the core elements of the Sustainable Farming Incentive will also be introduced from 2022.

## **Productivity**

At the same time, the funding gained from phasing out Direct Payments will be used to introduce new schemes to help farmers become more productive and meet the growing demand for their produce all around the world.

The new Farming Investment Fund will open for applications next year. The fund will provide targeted support to businesses so that they can invest in equipment, technology, and infrastructure that will improve their productivity and deliver environmental and other public benefits.

The two levels for this fund will be the Farming Equipment Technology Fund, which will offer small grants to contribute towards the purchase of a list of specified items and the Farming Transformation Fund, which will provide larger grants towards the cost of more substantial investments in equipment, technology or infrastructure, with the potential to transform business performance.

Eligible investments under these funds may include on-farm water storage infrastructure, robotic or automated technology, items to improve animal health and welfare and equipment for processing agricultural products, which may help farmers to streamline or diversify their businesses.

From 2022, farmers will also benefit from an increased investment in agricultural Research & Development that will enable more farmers and agri-food businesses to drive innovation. This will see farmer-led R&D projects to trial and demonstrate viability of new and existing technologies to address immediate on-farm productivity challenges as well as research into how agriculture can meet its longer term goals to reduce greenhouse gas emissions and achieve net zero. Example projects could be trialling new feed additives or demonstrating the integration of autonomous farm machinery.

### **Other available support**

More funding will also be made available under an improved Countryside Stewardship scheme, which will be an important stepping stone for many farmers ahead of the full roll-out of the future Environmental Land Management scheme, expected in late 2024. Steps will be taken to simplify the administration of the scheme, making it easier for more people to take part whilst it remains open to new applications for the first few years of the agricultural transition period. This will help them to springboard into the future scheme, which will reward them for delivering environmental outcomes, such as those already paid for by the Countryside Stewardship scheme.