



Defra Consultation: Environmental Land Management

Response to the consultation on the ELM policy discussion document by the National Trust

29 July 2020

The National Trust is Europe's largest conservation charity, committed to looking after nature, beauty and history for everyone, for ever. We care for over 300 properties, 770 miles of coastline and 250,000 hectares of land across England, Wales and Northern Ireland.

The Trust is the UK's biggest private landowner with 80% of our land farmed, either by ourselves or by over 1,350 agricultural tenants. We are working hard to ensure that all this land also supports our efforts to ensure people and nature can thrive. While the recent coronavirus pandemic has shown how the need for places that connect people to nature, beauty and history has never been greater, we also know that nature is declining, and the threat of the climate crisis cannot be overstated. This is why our ambition is that, by 2025, at least half of our farmland will be 'nature-friendly', with hedgerows, field margins, ponds, woodland and other habitats allowing native plants and animals to thrive. We also plan to restore or create 25,000 hectares of priority habitat by 2025 and in the next 10 years we will plant and establish 20 million new trees.

Sustainable farming is a crucial tool in achieving our environmental ambitions. On our let estate, we achieve our aims by finding common cause and working in partnership with our tenants. We see this as an opportunity in itself – it means we benefit from our tenants' wealth of knowledge and experience, it grounds our work in the practical realities faced by rural business, and it allows us to play our part in testing new ideas for how land is managed and funded to help secure a sustainable future for farming, restore nature and fight climate change, and benefit people.

1. Summary

We welcome the opportunity to respond to the Government's initial proposals for the new Environmental Land Management (ELM) scheme. We believe that a healthy environment is the essential underpinning for sustainable and profitable farming and that, to be considered a success, the new scheme must be instrumental in providing the means to reverse the decline in nature, mitigate climate change and deliver a wide range of other public goods, whilst enabling sustainable food production and other products from land management.

We recognise several issues as being important in the further development and refinement of the ELM scheme. Specifically, ELM should:

- Support a shift to an '**integrated, whole-farm, whole-systems approach**' that enables the delivery of public goods alongside food, fibre, energy and other crops. More than another 'agri-environment scheme', it should also be a **brand-new contract with society** and the foundation for ambitious **restorative land management**.

- Demonstrate that **public money will only pay for delivery of public goods** above a new regulatory baseline that goes beyond what is deemed standard good practice.
- Have a clear strategic objective to **reward farmers, foresters and other land managers for delivery of environmental public goods**. This includes providing **access to sufficient knowledge and resources to enable delivery and support a change in attitude** among land managers towards the environment.
- Be **attractive and competitively priced** and ensure that recipients are recognised for delivery of high-quality interventions providing multiple benefits for society.
- **Have more explicit linkages with the Environment Bill**; ELM was conceived to enable farming and land management to play a crucial role in meeting six of the 10 goals of the 25 Year Environment Plan and this should be a retained focus.
- Deliver the widest possible set of public goods through **integrating outcomes**.
- **Enable more people to gain access to and engage with nature**, with public access included across all three tiers.
- **Recognise and reward management of cultural heritage assets** that have obvious intrinsic significance and value as part of a package of other natural capital and landscape services.
- Include an **additional layer of SMART objectives**, to ensure that objectives are realistic and that progress towards their delivery can be monitored.
- Be carefully designed and administered to ensure the scheme is **transparent and straightforward with readily accessible information**. There should be a **clear transition of increased recognition and reward** as land managers move through the tiers, ensuring the most ambitious are incentivised to go further and deliver more.
- Use the concepts of ‘production’ and ‘betterment’ of habitat and nature to **motivate farmers and not penalise those already delivering and maintaining high quality outcomes**.
- Employ a supporting framework involving **fewer and more powerful interactive tools** alongside scheme simplicity, advice and training in order to engage and help farmers deliver successfully.
- **Co-design scheme details with farmers, foresters and other land managers** as part of the tests and trials programme and more ambitious national pilots to secure adequate future participation in ELM.
- **Enable collaborative delivery across multiple farms and different scales**, the Catchment Partnership being one example of how this could happen.
- Have **trusted and independent local advisers who act in a convening role** to help farmers work together to meet a common goal.
- **Provide funding for landscape scale collaboration**, building on existing approaches like the Nature Friendly Farming Network and Farm Cluster concept.
- **Offer a specific package for Commons, which present a unique and complicated situation** requiring tailored and deliverable policies and funding mechanisms, with shared management and ownership as critical.
- Build relationships and partnerships, community consultation and engagement, and other ways of supporting farmers and others such as through spatial prioritisation using credible datasets to **help people visualise the bigger picture and encourage landscape-scale collaboration**.

We have the following comments on the Tiers:

- A **separate transitional (‘Tier 0.5’) scheme and ‘sustainable farming incentive’** could provide grants and loans to help some farmers, foresters and other land managers meet a new baseline for ELM, integrate the environment into the farm and other business model,

incentivise further improvements in environmental performance and help re-imagine the range of 'products' that can be delivered across all three tiers of ELM. This should include certain options that are currently proposed for Tier 1. Making these options **time-limited** will avoid putting at risk what could be delivered through Tiers 2 and 3 due to limited budget.

- **Tier 1 should be focused on encouraging the shift to a whole-systems approach.**
- **Tier 2 should be the 'power-house' and pinnacle of environmental delivery for many farmers, foresters and land managers but the journey need not end there.**
- **Tier 3**, with the scope for collaboration and more ambitious delivery, should also be an attractive and realistic proposition for many. **Land-use change (and management) projects under Tier 3 should be decided strategically at the national level** to ensure funding is focused on projects that are expected to make the **strongest contribution to national priorities**, necessitating alignment with other mechanisms such as the Nature for Climate Fund. Besides playing a major role in delivering the Nature Recovery Network and meeting net zero by 2050, Tier 3 could **support approaches that take their lead from natural processes** and how dynamics can be applied in the management of the uplands as well as more generally.

We also recognise:

- The Nature for Climate Fund, along with the repurposing of the 30% greening payment that is due to be phased out in 2021, could **shore up finances and increase farmer participation** in Tiers 1 and 2 of the national pilot.
- **The relationships between ELM and other mechanisms proposed under the 25 Year Environment Plan, and their benefits to farm, forestry and other land-based business, should be made clearer**, alongside the role farmers and others can play in ensuring intergenerational equity whilst improving the long-term resilience and sustainability of their sector.
- **A greater focus on nature-based solutions** will necessitate a shift to more circular agro-ecosystems.
- **Spatial prioritisation will be essential to get the greatest returns for available funds**, and all three levels of national, sub-national and local will be important for identifying and agreeing local priorities.
- Recognising and rewarding farmers and other land managers in **driving innovation through adopting new local approaches and use of novel mechanisms** will be critical, especially in developing 'local offers'.
- **Aligning and integrating public investment with patterns of funding established and influenced by regional business needs** will help ensure that natural infrastructure investment plays a role in supporting regional economic development whilst delivering against all levels of environmental priority.
- Achieving outcomes envisaged through ELM will require **incentivising action and re-imagining the business model**, overcoming the existing income foregone model and **paying instead for benefit flows or services delivered** – payments for outcomes is therefore a good place to start and we would support greater uptake of the natural capital approach over time.
- But we recognise that a **combination of both outcomes and action-based payments**, with the flexibility to combine options and measures to maximise outcomes, will be important for a **targeted scheme**.
- We believe it would make sense to **facilitate the blending of public and private finance across all three tiers of ELM** – but for which an appropriate legal agreement would be

needed, alongside a new model of governance, the right basis for payments and an effective means to share risk.

- If Tier 3 was re-purposed to deliver **landscape-scale change, based on management as well as use**, this would facilitate a more multi-functional approach appealing to a range of buyers of different ecosystem services.
- To avoid several undesirable outcomes if public and private funding were to be kept separate, it will be necessary to **link up schemes early or at least create the necessary architecture** for this to happen as soon as possible.
- It will be important to build understanding and consensus around the new ELM scheme, whilst **growing the capability of relevant organisations and the right types of adviser** in providing targeted advice at those who need it most and where public goods delivery is complex.
- A **properly funded, well-coordinated and streamlined advisory service** is needed which also adheres to a set of clearly defined objectives set at the local level.
- A clear goal should be that through their participation in ELM, including exposure to advice, knowledge and tools and collaborative approaches, **farmers will understand what good looks like, have confidence in using their own knowledge and skills, be able to evaluate their progress, and so drive enhanced delivery.**
- The ambition of the national ELM pilot should be increased significantly to help farmers better prepare for roll-out from 2024 whilst **helping to reinforce the new policy trajectory** of paying for public goods.
- The **national pilot should help explore three key issues**: how we move beyond the income foregone calculation model to a more benefits-led model; how certainty and risk can be managed as part of a payments for outcomes approach; and how a new regulatory baseline will interface with Tier 1 and whether assurance standards might play a role.

While the Government's initial proposals are a positive step towards the delivery of public money for public goods, more detail is urgently needed on the wider agricultural support system and transition period in order to have confidence that nature can be restored, climate change tackled, and other public benefits delivered alongside a sustainable and resilient food and farming system. We believe the following key elements should play a part in this:

- **A strong regulatory baseline combined with enforcement is required for everyone** to ensure that there is no further environmental degradation. This should clearly distinguish between the minimum environmental standards expected for compliance from a clear threshold for entry into, and payment from, ELM.
- **At least the current £2.3bn annual level of public funding for farming needs to be maintained.** However, an urgent, independent assessment of the scale of investment needed to tackle the nature and climate crises should be commissioned to understand any shortfalls.
- **New learning and continuing professional development (CPD) opportunities will be needed** to attract new entrants, overcome 'access-to-land' issues, and upskill all those engaged in ELM.
- **R&D will be needed to plug any gaps in knowledge and change needed in farm practice** to deliver an improved environmental performance and capitalise on associated opportunities, particularly nature-based solutions to help mitigate climate change.
- **Farmers in the uplands and other marginal areas will need dedicated support** to improve and re-position their businesses, as well as develop new skills, to respond in delivering natural and cultural outcomes.

- **An overhaul of the existing relevant or appropriate legal frameworks including a reinforcement of our international obligations on biodiversity and climate change** will be required in order to realise all of the changes foreseen in delivering this new approach.
- **Farmers should not be undercut by imported food produced to lower standards** so as to increase the resilience and sustainability of UK food and farming and achieve environmental and animal welfare goals.
- **Recognition that other areas of Government have a role** in restoring the natural environment and addressing the climate crisis.
- **The role of consumers, supermarkets and the food supply chain** in mitigating their impact on the environment should also be addressed under the wider agricultural system.

2. Introduction

We believe that farmers have a critical role in producing safe and sustainable supplies of food, as well as improving biodiversity, protecting vulnerable natural resources and enabling more access too and engagement with nature. Through this, they can support the health and wellbeing of more people, care for our landscapes and heritage, and address growing challenges like climate change and flooding.

Sustainable farming and land management has the potential to address growing challenges like the need for flood management and to tackle carbon emissions, through adoption of natural solutions, for instance tree establishment or restoring peat bogs. These types of approaches deliver multiple benefits because they also positively impact nature, with the restoration and creation of rare habitats important for reversing biodiversity decline. The public money for public goods (PMFPG) model at the heart of the new ELM system will allow the Government to fund farmers to implement precisely these types of solutions at a scale sufficient to deliver real benefits to people and nature.

There is now a large degree of consensus among environmental organisations and many farmers and farming bodies around the need to channel public money towards delivering these public benefits. At present, large proportions of subsidy paid to farmers are tied to land area. However, while there have been some benefits for the environment, on the whole these payments have failed to help our wildlife and declines of farmland birds and other species continue apace, alongside degradation of assets like soil and water.

A better future for everyone, including our farmers, and for the environment, is possible and public funding can continue to be justified, if it is directly linked to the delivery of public benefits.

3. Questions

3.1 Do you want your responses to be confidential?

- a) No

3.2 What is your name?

- b) National Trust for Historic Places or Natural Beauty

3.3 What is your email address?

- c) marcus.gilleard@nationaltrust.org.uk

3.4 Where are you located?

- d) A national organisation covering England, Wales and Northern Ireland and based in Swindon, Wiltshire

3.5 Who are you?

- e) Land Manager/Other: major landowner, farmer and environmental charity

3.6 Do you have any comments on the design principles on page 14? Are they the right ones? Are there any missing?

We agree with the design principles as presented, but we feel it is missing five key principles.

- Alongside the production of food, fiber and energy - the nation's need for land to support a wide variety of other public goods and the extent to which farming and forestry rely on the existence of a healthy natural environment must be fully recognised. ELM is the mechanism that will enable farmers, foresters and other land managers to move beyond seeing the environment as a 'bolt-on' option to an integral component of their business.

Encouraging a shift to 'integrated, whole-farm/system thinking' should be an overarching principle of ELM. This will not only help give farmers and other land managers a more certain and secure future knowing they are doing everything to conserve and enhance the natural asset base of their farm but which can help open-up new opportunities from diversifying their business to engaging in new markets that attract complementary private investment. An ELM payment should therefore create the conditions for an integrated, sustainable and resilient business that protects, enhances and restores the natural assets on which economic productivity depends. By taking this approach, ELM can help land managers realise wider financial returns and achieve a more profitable approach, which in turn will encourage more farmers, foresters and others to participate and deliver the objectives of ELM.

- Coupled with this shift to sustainability, and building on the principle of *'ensuring that the scheme and its underpinning systems and processes work effectively and represent maximum value for money to the taxpayer'*, there needs to be some acknowledgement of how this will be assured, and therefore the need for a clear distinction between what is a regulatory or compliance requirement (costs internalised) and ELM payments (financial assistance). This will **demonstrate that public money will only pay for delivery of public goods beyond legal minimum requirements.**

Linked to the issue of assurance, it is difficult to see whether the initial scheme design will adhere to the nine outlined principles due to insufficient detail. As one example, the implied actions under Tier 1 would not be consistent with the principle of focusing on *'achieving environmental outcomes, helping to deliver our 25 Year Environment Plan and net zero target'*. Should the role and scope of Tier 1 in relation to its contribution to this principle not be

resolved, this would create funding implications for the more ambitious Tiers 2 and 3 and therefore jeopardise achievement of the goals of the 25 Year Environment Plan. We offer some ideas on this elsewhere in our response.

- A third principle should be that ELM also **supports a change in attitudes towards, and the way people experience, the environment**, ensuring all those involved view improving the environment as an integral part of farming businesses and recognise its role in meet the scale of the challenge of the climate emergency and nature crisis.
- And a fourth principle would be the need to **deliver integrated outcomes**. This will ensure that the widest possible set of public goods are realised through the new ELM scheme. For example, each tier should assume public access is an integrated component of all appropriate activities being undertaken, so that the public are able to access and benefit directly from environmental improvements being delivered through public funding. Where this would be inappropriate or undermine efforts, such as in the case of conserving certain species, then a clear rationale should be given.
- The fifth principle is that ELM needs to be **attractive and competitively priced as a scheme but also needs to ensure that recipients recognise that payments are for delivery of high-quality interventions that provide multiple benefits for society**. It should not be viewed as income support or a like-for-like replacement for direct payments. ELM needs to be accessible to most in the farming sector, but also needs to consolidate the delivery of a wider integrated package of measures to secure what is needed from a farming and land management sector that is world-leading, resilient, sustainable and humane.

3.7 Do you think the ELM scheme as currently proposed will deliver each of the objectives on page 8?

Before assessing whether the scheme as designed will deliver the proposed objectives, it is first necessary to critique the objectives themselves.

The consultation states that the strategic objectives of ELM are *‘to secure a range of positive environmental benefits, prioritising between environmental outcomes where necessary, and to help tackle some of the environmental challenges associated with agriculture, focusing on how to address these in the short term’*. And in doing this, ELM *‘would provide an opportunity for farmers to derive an additional income stream through the delivery of environmental benefits as and once direct payments are phased out’*.

ELM was originally conceived to **enable farming to play its crucial role in meeting six of the 10 goals** of the Government’s 25 Year Environment Plan:

- clean and plentiful water;
- clean air;
- thriving plants and wildlife;
- reducing the risks of harm from environmental hazard;
- enhancing beauty, heritage and engagement with the natural environment; and
- mitigating and adapting to climate change.

This was then expanded to help meet the Government's ambition for a **Nature Recovery Network** and achieve its **net zero target** by 2050 – key vehicles in our fight to avert the crisis in nature's decline and address the climate emergency. ELM also represents an opportunity to engage people with nature and make connections to farming, forestry and other types of land management, so that people better understand that the countryside is a working environment and that the state of nature is something they have a stake in and responsibility for, critical for maintaining public support for how public funding is spent.

Because of its importance in delivering against the environmental goals of the 25 Year Environment Plan, **more explicit linkages need to be made between ELM and the Environment Bill**, not least in terms of targets and Environmental Improvement Plans helping to prioritise support where it is most needed and making it clear how progress is to be measured. Synergies should also be maximised, and objectives aligned (whilst “double counting” avoided), between ELM and other policy drivers and funding mechanisms such as Local Nature Recovery Strategies, biodiversity net gain and the Nature Recovery and Nature for Climate Funds. This is alluded to on page 7 of the discussion paper but requires more explicit links to be made.

As a cornerstone of the 25 Year Environment Plan and a future land management system, the core objective of ELM should be to **reward farmers, foresters and land managers for the delivery of environmental public goods and be properly resourced to do so**. This is not explicit enough in the objectives as stated currently and none of the ambitions and objectives of ELM will be met without sufficient and appropriately allocated budget across the three tiers. This needs to be coupled with the right payment approach, advisory structures, additional support for specific high nature value systems, different approaches according to whether land management or land use change is the focus, and proper targeting at the right spatial scale. This needs to be structured yet simple; advice and support for farmers is currently sporadic and untailored, with ‘best practice’ training paid for by AHDB levies not covering natural capital, nature nor wildlife.

Our research with the RSPB and Wildlife Trusts has shown that in England **we will need at least £1.7bn per year over 10 years to meet existing environmental commitments, notwithstanding new 25 Year Environment Plan and net zero ambitions**. Re-investing the current £2.3bn in public funds spent on farming every year to deliver against the new public goods objective, backed by strong legislation, will provide certainty to farmers and land managers that they will be adequately rewarded for the positive role they can play in restoring and enhancing the natural environment. More information: <https://www.wildlifetrusts.org/sites/default/files/2019-09/Making%20Public%20Goods%20Pay%20England%20Policy%20Briefing%20September%202019.pdf>.

However, ELM should not be viewed as a new ‘agri-environment scheme’ nor a replacement financial support system for farmers and land managers. It is the foundation of a new approach to restorative land management that should open-up the countryside to the public, underpin more environmentally sustainable food production, and help land management businesses diversify their income-base and become future-fit. **Enabling a whole-systems approach** should therefore be an overarching objective of ELM, with Tier 1 in particular geared towards greening the farm business. Some models already exist, such as organic, agroecological and regenerative agriculture. ELM should borrow and build on these approaches, consolidating the best elements that deliver across the board, and help the farming and land management sector move to a new environmental norm.

But this should also be seen in the wider context of a whole new agricultural system as envisaged under the Agriculture Bill, including improvements needed in the supply chain (see section 3.17).

In addition, there is a danger that the strategic objectives as drafted could be read as not **enabling more people to access the outdoors and connect with nature**. References to 'environmental public goods' should explicitly include all six categories of public goods that ELM will pay for and an acknowledgement that engagement with the natural environment includes 'public access to, and enjoyment of the natural environment'. Establishing this from the outset will help ensure that public access is incorporated into the design principles, all three tiers of ELM and considerations of the future relationship between payments and regulation.

Fundamentally, ELM represents an opportunity that many have been striving for, but that was not achieved, through several rounds of CAP reform. Outside the EU, the Government needs to demonstrate it has a world-leading food, farming and environmental strategy, setting out its commitment and goals for moving to a more sustainable and resilient agricultural and land management system with a restored and accessible natural environment at its heart. ELM represents a **brand-new contract between society and farming** that is a cornerstone of this new direction of travel, and this should be reflected more boldly in the scheme's objectives.

On the second objective of helping tackle some of the environmental challenges associated with agriculture, focusing on how to address these in the shorter term, ELM is not the right tool to tackle all environmental challenges associated with farming and so a suite of mechanisms is required. We believe **ELM should only pay farmers and other land managers to deliver above a new regulatory baseline and beyond what is deemed normal good practice**.

However, **a transitional scheme ('Tier 0.5') could be established to help some farmers**; a focus should be on reaching compliance with key regulatory requirements such as the Farming Rules for Water, reducing ammonia emissions and Rights of Way regulations. Thereafter, this 'Tier 0.5' would be absorbed into a new robust, but farmer-friendly compliance and enforcement system to ensure ELM offers good taxpayer value.

To prepare for the new ELM system, Government should also encourage farmers to assess their levels of business profitability and explore where cost savings or efficiencies could be made to optimise expenditure, increase resilience and understand where synergies between the farm and the new ELM scheme could offer new business and environmental opportunities. A **separate transitional fund – or 'sustainable farming incentive' - could provide low-interest loans** for creating a farming sector that is fit for the future; helping farmers gather data, build their skills, invest in their businesses and take advantage of ambitious assurance schemes.

A more fundamental observation is that the strategic objectives as presented are not SMART, only prescribing the general direction of travel that ELM will take. **To ensure objectives are realistic, that progress can be monitored, and so they can be met, an additional layer of objectives is required which is specific, measurable, achievable, realistic and time-bound**. For example, to facilitate the necessary scale of intervention by ELM to meet the nature goals of the 25 Year Environment Plan by 2030 and to ensure that ELM supports evidenced-based measures needed in order to sustain carbon reductions and meet the "net zero emissions" target by 2050. Both these could be measured by milestones and targets, but neither will be achievable without a substantial contribution from the ELM scheme. An important aspect here will be collecting the evidence to

show if schemes are actually delivering and being able to adapt them if they aren't. The National Trust would be happy to work with Defra in developing a second layer of SMART objectives to help meet these nature and climate goals.

3.8 What is the best way to encourage participation in ELM? What are the key barriers to participation, and how do we tackle them?

The shift towards paying for delivery of public goods (coupled with capital investment) will enable farmers to restore the natural environment, alongside and through the production of healthy, sustainable and nutritious food. Whole farm agroecological practices that improve soil health, rebuild populations of beneficial insects and lock up carbon, will secure the natural resources that farmers need to underpin their ability to produce enough healthy, nutritious food into the future.

It is therefore vital that farmers buy into ELM, especially after issues with old style agri-environment schemes. The scheme and its administration must therefore be **transparent, straightforward with readily accessible information**, and establish a **clear path to increased recognition and reward that empowers the farming community**, moving from payments for actions to payments for outcomes. Within existing agri-environment schemes, the inflexibility on payment has meant there could be large differences in the delivery of a scheme's requirements between two farmers; one could be doing the minimum, whereas the other could be delivering more than the intended outcome, yet the payment would remain the same. To that end, if ELM payments (and inspections) are based on how farmers align delivery with the spirit of the scheme, there could be scope for rewarding the better performers. In doing so, this could increase levels of participation. In addition, ELM needs to **retain tangible links to the concept of 'production'**; farmers are motivated by production and betterment, so strong links to the production of habitat or production of nature will be important. However, it must also be recognised that in nature, there is often no desired end point, so ELM must reward not penalise those farmers who reach and then need to maintain a high-quality outcome; it is not enough to reward only those stages where restoration or creation are involved.

But it is not just about the behavioural insights and evidence of what gets farmers to engage and deliver successfully – with scheme simplicity, advice and training needs being particularly important here. It is also about employing a supporting framework involving **fewer and more powerful interactive tools**. This could include land appraisal mechanisms to identify and assess opportunities on a farm (as with the National Trust's 'Land Choices Tool'), intelligent land management plans that work across all tiers and integrate business information in a sensitive way, and smart apps that help monitor and measure benefit flows whilst allowing for iterative management to control risk. On technology, participation should not be designed to accommodate the lowest common denominator; technology has a significant role in education, peer-to-peer learning, sharing good practice, monitoring scheme compliance and recording scheme benefits.

The testing strategy of ELM is to build farmer confidence by ensuring ELM is ready to launch and help ELM evolve over time, incorporating new ideas to improve effectiveness and reach. Besides the tests and trials, which are focusing on specific elements of the scheme and assessing deliverability and value for money of more innovative methods, the second main element of this testing strategy is the national pilot. Be it as part of the tests and trials or national pilot, the phased and staggered process of **co-design that Defra is planning will be critical** to secure adequate future participation in ELM.

We therefore think the ambition to engage 4,000 farmers representing a wide range of interests in the Tier 1 national pilot and 1,500 more experienced farmers, land managers and target groups (e.g. commons, AONBs, local nature recovery plan areas) in Tier 2 from 2021 to 2024 should be significantly increased. We feel this can be achieved in three ways; firstly, the **Nature for Climate Fund could shore up the finances** needed to run a series of Tier 3 national pilot projects, releasing more funds from the phase-out of BPS monies; secondly, the **30% greening payment could be cumulatively adjusted and funds repurposed** according to the same percentage bands for the phase-out of BPS monies to increase participation of farmers in the Tier 1 and 2 national pilots; and thirdly, using **mentoring and peer-to-peer learning to raise awareness and increase engagement** across the farming community.

Since ELM will need to be integrated with other mechanisms proposed under the 25 Year Environment Plan, such as Local Nature Recovery Strategies, Private Markets and Biodiversity Net Gain, the **relationship with such initiatives and benefits to a farm business should also be made clear**. For example, the impact of public funding could be enhanced (e.g. complementary private finance) or more lasting funding secured (e.g. conservation covenants) through 'stacking' of deliverables or outcomes for different types of payment mechanism.

Fundamentally, ELM needs to support farmers and other land managers on a journey, helping them understand the need for and their critical part in delivering the 25 Year Environment Plan. **Making farmers aware of the important role they can play** in ensuring intergenerational equity whilst improving the long-term resilience and sustainability of the sector will also help secure their engagement. For this reason, it is imperative that objectives are clear, target setting is transparent, advice is evidence-based and business-grounded, and robust tools are available for planning and monitoring.

3.9 For each tier we have given a broad indication of what types of activities could be paid for. Are we focusing on the right types of activity in each tier?

Overall, there is a clear and urgent need to develop innovative farming systems that aim to maintain or increase productivity and resilience to future environmental perturbations, while reducing the environmental and ecological footprint of agriculture. This will require a mixture of strategies that integrate biodiversity with productive farming by enhancing the beneficial 'services' provided by biodiversity, including pollination and pest control, efficient management of soil, protection of water resources and carbon sequestration.

This greater focus on **nature-based solutions** necessitates a shift towards more circular agro-ecosystems that reduce dependency on external inputs and promote wider integration of wildlife habitats at multiple scales through development of space-efficient, multi-functional landscapes. While this overall goal is widely accepted, there remains a lack of specificity over the rationale, scale, and combination of methods with which it can be achieved. As such, it remains largely conceptual with little testing at scale of how combinations of approaches may be brought together in a holistic manner. There is a clear need to test and demonstrate more systems-based approaches to deliver multiple benefits and some models through which this could happen already exist (see <https://www.iddri.org/en/publications-and-events/study/agroecological-europe-2050-multifunctional-agriculture-healthy-eating>). Our work with farmers as part of the 'Whole Farm Plan' test and trial project in Shropshire has shown that it is important to help farmers understand the

'sweet-spot' of a farm's deliverable natural capital whilst balancing a farming system that supports and enriches its delivery. A farm can then adapt and develop in conjunction with its natural capital (e.g. beneficial predators, shelter belts, increased organic matter) dispelling the misconception that farms have to remain static.

We therefore welcome the tiered structure of ELM, which we hope will allow for a **more holistic, whole-systems based approach** to environmental delivery, including the opportunity to blend public and private finance to support both farming and environmental objectives. However, the proposals are too high level and leave many questions unanswered, for instance on targets and outcomes sought, the regulatory baseline, local governance and delivery of priorities, payment approach and funding allocation.

As members of Defra's ELM Engagement Group, we have been given access to Defra's initial thinking on an 'outcomes-framework' which prescribes a logic chain for determining what actions could be paid for under ELM. These actions would ultimately map and deliver against 26 outcomes in support of six goals of the 25 Year Environment Plan. Much work remains in developing this process further, not least in terms of identifying which of the exhaustive list of 1000+ actions could be addressed through other mechanisms or as part of a new regulatory baseline to replace cross compliance. As well as determining what would be paid for, this work will inform the content and structure of guidance, payment calculations, and monitoring and evaluation indicators.

Given the critical nature of the outcomes-framework in all senses, we believe one of the most important issues to resolve is **where the regulatory requirement ends, and a reward begins**, in order to determine the 'choice architecture' for each tier. We look forward to continuing to work with Defra and other stakeholders in helping develop and refine an approach to payment and delivery that is both attractive and rewarding for farmers whilst delivering best value for taxpayers' money.

Tier 1, as currently proposed, includes actions that most farmers could take across their farmed and forested land which is to be welcomed, but several are what we would view as 'good farming practice' (e.g. contour ploughing, soil protection measures) and a 'compliance requirement' (e.g. nutrient management) affording a private benefit to the farm business. For this reason, we believe **certain options should be time-limited and moved into a dedicated transitional scheme ('Tier 0.5')**. With this scheme being temporary in nature, the "length of opportunity to join" the scheme should be stated. We would be concerned that should such measures remain in Tier 1 as currently proposed, there would be a risk that significant levels of funding with only the ambition to increase farmer participation would **not deliver value for money and put at risk what can be achieved through Tiers 2 and 3** with a limited budget.

One particular action under Tier 1 that illustrates the need for more thinking is 'soil management'. We believe there's an opportunity to better reflect this and seize on incentives to promote systematic monitoring of soil health and beneficial management (rather than simply relying on a cross compliance type approach). Indeed, the sampling and recording of soil health linked to improved soil management should be rewarded as a public good. However, this is an area of strong opinion; there is some thinking that it is appropriate to incentivise farmers to sequester carbon but not to use public money to fund improvement in soil (as a privately-owned resource). This needs bottoming-out in terms of where the dividing line sits with a future regulatory baseline and where education and training can play a role instead. As a starting point for this and related issues, we support recommendations of the recently published report by the IEEP which outlines

the types of activity that should be the subject of regulation (see <https://www.wcl.org.uk/new-report-reveals-major-gaps-in-environmental-protections-post-eu-exit-for-soils-and-hedgerows.asp>).

Encouraging a shift to a whole-systems approach should therefore be the clear objective of Tier 1. This should focus on measures to green the farm business on a whole farm basis. Some models already exist, such as organic, agroecological and regenerative agriculture, and ELM should learn from and build on these. This will not only help give farmers a more certain and secure future knowing they are doing everything to conserve and enhance the natural asset base of their farm but can help open-up new opportunities from diversifying their farm business to engaging in new markets that attract complementary private investment. An ELM payment should be a way of realising wider financial returns and profitability whilst creating a sustainable and resilient business that protects and enhances the natural assets on which the farm's productivity depends. In time, it may be with the sector having achieved the move to a new environmental norm that Tier 1 is no longer required.

Tier 2 should aim to deliver more locally targeted environmental outcomes, based on new spatial targeting and local planning systems, as well as a collaborative and joined-up approach. There is significant scope for this tier to be a target and vehicle for private funding such as from Net Gain, helping to re-allocate money within the area from where it was generated. This could enhance connectivity between public and private goals, facilitate economies of scale and reduce the risks of double funding. Tier 2 could therefore play a critical role in delivering **more meaningful outcomes in the right place**, whilst acting as the pinnacle of most farm businesses within ELM (where income generated from food production remains the primary source of income). We therefore support the initial focus being taken to this tier as **the achievable 'powerhouse' of ELM**, but it should be recognised that a farmer's journey may not necessarily end there, should they have increased ambitions of delivery. This might start with several farmers working together under Tier 2 in way that would deliver Tier 3 ambitions for landscape-scale change.

We agree that **Tier 3** should involve landscape-scale, land-use change projects based on negotiated agreements and have a focus on national issues of net zero and nature recovery. This should include forest and woodland creation, restoration and improvement, peatland restoration, and the creation or restoration of habitats such as wetlands and salt marsh. These examples of land use change projects would make a substantial contribution towards the **UK's net zero target** by creating and restoring carbon-rich habitat, while delivering strongly for biodiversity, water quality and flood mitigation. They could also be critical in helping deliver the **Nature Recovery Network** (as set out in the 25 Year Environment Plan) as well as being designed to promote opportunities for **public engagement and access**.

Natural climate solutions form a key part of the Trust's work to tackle climate change, working directly with our farm tenants. By 2030, all of the National Trust's estate, including our in-hand and tenanted farmland, will achieve net zero. This includes planting 20 million trees, as well as the restoration of peatland and saltmarsh for which Tier 3 could play an important role, working alongside related mechanisms such as **private market mechanisms and conservation covenants**.

Such land use change projects should be decided strategically at a national level to ensure funding is focused on projects that are expected to make the strongest contribution towards national environmental priorities. In this respect, the initial guise of Tier 3 should be fully aligned with the

Government's **Nature for Climate Fund** for afforestation and peatland restoration, such that additional monies during the piloting phase can be released to help increase the ambition and participation by farmers in the Tier 1 and 2 national pilots.

Defra should also consider how Tier 3 could support approaches that **take their lead from natural processes and how dynamics can be applied** to management in the uplands, as well as more generally. This would need to include a suite of interventions including planting, periodic disturbance regimes, lowering of livestock densities, and management of wild herbivores where necessary. The aim here should be to increase heterogeneity and structural complexity across large tracts of the landscape. There are some great examples of this being tried, such as Wild Ennerdale and Carrifran, but we need to understand how to expand the ambition for upland restoration in England and transition to this through financial support, whilst navigating legislative restrictions on landscapes. A diversity of more naturalistic management approaches in the uplands would nonetheless bring great environmental benefits.

Furthermore, increasing evidence suggests that fixed-site objectives and standard management options are increasingly difficult to maintain in the face of large-scale environmental change. Indeed, ecological insight emphasises the need to manage and understand a range of ecosystem processes which might impact upon the integrity of protected areas (as currently defined). A careful balance will therefore need to be struck and in some cases a shift achieved from **managing sites to managing dynamic ecosystems** in the future, whilst integrating conservation management strategies in farms surrounding such areas.

A further approach is applying agricultural, ecological and plant science to the creation of new swards and habitats that can deliver environmental gain whilst still providing nutritious forage such as pollinator swards. **Can we construct a new scheme that can cope with a diversity of outcomes or even in the case of natural processes a more open approach to outcomes?** There is much to be gained if it can and there is a real opportunity to effect major positive landscape scale changes in the uplands but only with a clear vision, comprehensive approach and strong steers from the Government.

The uplands and coastal areas are also often extremely important visitor destinations and nationally designated landscapes such as National Parks and AONBs. In these cases, the asset is the landscape, its wildlife and cultural heritage, but where the providers and carers of these assets cannot generally secure income from the millions of people that visit every year. There is a clear **opportunity across all three tiers of the new ELM scheme to integrate public access provision** and reverse the trend of removing this over the last 10 years. For example, Tier 1 could fund more footpaths, Tier 2 could fund farm education work with local communities, and Tier 3 could fund visitor centres (currently funded by LEADER).

And in some regions of the UK, farming produces and sustains **cultural heritage that has obvious intrinsic significance and value**, and which should be recognised and rewarded through any future ELM scheme as a clear and distinct public good to be delivered as part of a broad complementary package of other natural capital and landscape services. In the Lake District, for example, the intrinsic significance and value of farming culture has been recognised within the inscription of the National Park as a 'cultural landscape' World Heritage Site. The principle that cultural heritage produced and sustained by farming, is itself of significance and value, and should be recognised as a public good, can be legitimately applied to many other parts of the UK where

traditional farming has played a central role in creating and maintaining distinctive local culture and communities, or shaping and maintaining landscape character. It will therefore be important for Tiers 2 and 3 to recognise the link between cultural heritage and landscape character and the public goods they provide.

3.10 Delivering environmental outcomes across multiple land holdings will in some cases be critical. For example, for establishing wildlife corridors or improving water quality in a catchment. What support do land managers need to work together within ELM, especially in tiers 2 and 3?

For landscape interventions to deliver outcomes such as reduced flood risk, it will be necessary to create a **coherent scheme that links delivery across multiple farms and different scales**. It is much easier to achieve this if adjacent farms are collaborating to design complementary interventions where similar challenges and opportunities exist. The **Catchment Partnership model** could play a valuable role here, bringing together key stakeholders at a scale most appropriate for dealing with water management issues. While traditionally they have focused on water quality, Catchment Partnerships are increasingly delivering natural flood management projects and associated co-benefits, and could be an effective broker between local communities and land managers (see also Section 3.13). This type of approach would therefore also be beneficial for many other outcomes such as facilitating species movement and dispersal, carbon sequestration and improved water quality.

In many situations, such as with a reverse auction, individual farms will be in direct competition, making collaboration more difficult without **trusted and independent local advisers acting in a convening role** to help farmers work together to meet a common goal. Similarly, a co-operative relationship between beneficiaries and farmers is much more likely to deliver collaborative results, especially for interventions happening over long timescales which may require flexibility and adaptation over time. In this situation, **negotiated agreements** may enable a closer relationship between beneficiaries and a group of farmers – along with an **appropriate governance model** in the same way this is required for blending public and private finance.

Building on the Countryside Stewardship Facilitation Fund, there should be funding for landscape scale collaboration, spanning all aspects of the policy. This should include existing approaches like the **Nature Friendly Farming Network and the Farm Cluster concept**, where these initiatives can help farmers work to overcome a cultural of independence, work more cohesively and learn together, enabling them to collectively deliver greater benefits for soil, water and wildlife in a given locality. We think a payments for outcomes approach and varying the reward value to incentivise delivery such as through the **payment of a collaboration bonus** would encourage this. Besides funding, more power could be afforded to initiatives like Farm Clusters so they could operate beyond simply a convenor and take on more responsibility such as allocating local funding, assisting with scheme design and even regulating scheme compliance. Farm Cluster leaders could also 'sign-off' on new schemes within a given area to ensure environmental coherence.

Ultimately, the ELM scheme should work to **devolve power to consider local objectives**, particularly Tiers 2 and 3. Local 'agents' (such as FWAG for example) are independent enough to help input to scheme design, as well as judge whether a farmer or land manager is delivering in the spirit of the scheme. They could inspect schemes, or support the RPA inspectors in making a

judgement about how hard a farmer or land manager has worked to deliver the scheme's outcomes.

We also recommend that Government recognises the particular relevance of commons to upland areas and their huge importance in the delivery of public benefits. The **commons present a unique and complicated situation** because they represent a unique economic model already based on delivery of both private and public goods. As a result, they require a dedicated package of tailored and deliverable policies and funding mechanisms to encourage collaboration and support environmental outcomes. Currently, agri-environment schemes can be for 10 years rather than five, but there is currently little flexibility regarding local options and a limited range of outcomes. In addition, the application process can be more complex since all commoners have to reach an agreement on the scheme. More generally, economic modelling has shown that **shared management and ownership is key** – this should be facilitated.

We have a **'Whole Farm Plan' test and trial project** taking place in the Shropshire Hills AONB. Led by a partnership of the National Trust, Natural England and the AONB Partnership, the T&T is working with landowners to develop and test an approach for whole farm planning; plans that integrate environmental management and the delivery of public goods with the core farm business, but also necessitate collaboration in order to deliver landscape scale outcomes. We are currently working with groups of neighbouring farmers to join up their farm plans in ways that deliver environmental benefits that are connected across the landscape. Early findings of our research suggest that invested time and resources in **building relationships and partnerships** with key people and organisations, carrying out extensive mapping and data gathering, and conducting **community consultation and engagement** are all key to encouraging landscape-scale collaboration (see box below).

Example: Stepping Stones Whole Farm Plan Test & Trial Project

The Upper Onny Farmers Group (group of 14 farmers) has been a vitally important forum for sharing ideas, challenging assumptions, facilitating learning and encouraging participation and collaboration among farmers. The group has played a significant role in shaping, testing and refining a methodology for whole farm plans that take account of wider catchment and landscape-scale public goods delivery opportunities.

Facilitated discussions and on-farm workshops to explore opportunities for public goods delivery on and between neighbouring land holdings were led by independent farm business and environmental advisors. Participating farmers expressed a desire to collaborate with other farmers both within and outside the group to explore opportunities for joined-up planning and delivery of public goods across their landholdings.

The strength of the whole farm plan approach is based on a shared understanding of farm business needs and collaboration between farmers, farm business and farm environment advisors. The Upper Onny Farmers group recommended that access to specialist farm business and farm environment advisors is a key service which should be available through an ELM scheme. The farmers' group acknowledged that with time the provision of specialist advisors might be tapered and reduced in subsequent years as farmers become more practiced and confident in the preparing their own land management plans.

The power of these plans is being able to show, effectively record and manage the transition from current farming practice to capital delivery farming, a failing of previous iterations of agri-environment schemes as farmers were not given the tools or time to adapt.

The National Trust 'Payments for Outcomes' work in the Yorkshire Dales has also found that **land managers need support in several ways** in order to work together and deliver through ELM. Spatial prioritisation at a landscape-scale based on credible datasets allows them to visualise the bigger picture, recent baseline data on their own farm communicates the part they can play, engagement and facilitation with trusted advisors can inspire them to act, and incentives for collaborative working recognise the additional effort that will be required. Our questionnaires with 30 land managers to date have found that 80% thought that future schemes would work best with a whole farm approach, and 63% said they would be interested in a payment for working collaboratively with their neighbours. Of the measures investigated so far (upland habitats, soil health, pollinator health, cultural heritage and access to the countryside), collaborative working would enhance delivery in most instances. But for some, delivery across multiple land holdings will be crucial e.g. peatlands, pollinator health and access.

3.11 While contributing to national environmental targets (such as climate change mitigation) is important, ELM should also help to deliver local environmental priorities, such as in relation to flooding or public access. How should local priorities be determined?

Spatial prioritisation is widely recognised as being a key factor in successful environmental land management schemes, ensuring the right activities are targeted to where benefits provide maximum environmental and societal impact and ensuring the protection of valuable natural and historic features – from relict species-rich grassland to ancient woodland and monuments. Spatial prioritisation can also deliver important objectives beyond nature's recovery, such as connecting people to nature through the public rights of way network and open access land. It is also an opportunity to further the purposes of designated landscapes such as National Parks and Areas of Outstanding Natural Beauty.

Given that resources will be limited, **spatial prioritisation is essential to get the greatest environmental returns for the available funds**. Spatial prioritisation identifies context-dependent benefits and therefore the priorities for spending within a given locality. Without spatial prioritisation there is a risk that land managers implement environmental measures in a piecemeal way and the maximum environmental benefits are not realised – which provides poor value for money.

There is no one perfect geographical scale for identifying and setting local priorities, with the exception of water related issues where it makes sense to work at a catchment scale. Nature does not respect administrative boundaries; yet decision-making and governance tends to happen along administrative lines. The structures that are set up need to be designed to deliver the outcomes of ELM. We therefore suggest that three scales are useful - national, sub-national and local - for identifying and agreeing local priorities, and make the following interconnected recommendations for priority-setting at each level:

National

- ELM priorities at all scales should reflect the national objectives in the Environment Bill and other national legislation and their expression in a series of national targets - including on cultural heritage and access which might not align/be covered by the Environment Bill.
- Accountability for meeting the national targets through ELM should sit nationally with the statutory body with oversight and accountability of environmental policy delivery, i.e. Defra.

- Defra should create a decision-making framework setting out a spatially coherent vision for the recovery of the natural environment, to support access and connection with nature, landscape character and improve natural capital. This should include the spatial expression of national targets (e.g. targets for peat restoration are not appropriate in Kent), how priorities will be harmonised across the range of public goods ELM seeks to deliver, and how trade-offs will be managed across national, sub-national and local scales.
- Mapping a Nature Recovery Network, a joined-up system of places needed to allow nature to recover, is critical in mapping where to protect and manage existing important wildlife sites and where to restore or create new habitats to enable nature to be replenished back to healthy levels. It needs to be done nationwide, using local data and a nationally consistent methodology throughout the country and integrated into ELM.
- Monitoring, evaluation and reporting of whether ELM is meeting national objectives, and to help feed back into ELM so it works iteratively.
- Defra should create national guidance to inform local decision-making including on spatial mapping and ensure all parts of ELM contribute to delivering national priorities and targets, and to determine the contribution of different policy mechanisms that work with ELM to deliver the national objectives.

Sub-national

- Having a sub-national mechanism, to translate the local priorities upwards to national and vice versa, seems sensible given that all the Defra bodies and others will or should have a role in ELM (i.e. NE, EA, RPA, FC, HE and potentially APHA too, e.g. on INNS) and given plans for the 14 Defra areas to create Area Integrated Plans. This plan could include a section on how national policies, targets and mechanisms translate and interconnect sub-nationally, including a section on ELM which could become the basis for an ELM Area Plan.
- The ELM Area Plan should set out how each of the six objectives for ELM will be met and which plans and strategies it is drawing on to best reach these conclusions – nationally, regionally and locally, for example:
 - Local Nature Recovery Strategies (Local Authority) – see box below.
 - River Basin Management Plans (River Basin District) and/or Catchment Management Plans
 - Rights of Way Improvement Plans (Local Highway Authority)
 - National Park and Areas of Outstanding Natural Beauty Management Plans (National Park and AONB)
- To do this, Defra regionally will need to convene a range of stakeholders including land owners and managers and civil society. To be democratically accountable, Local Planning and Highway Authorities and the public should be involved. Other fora which could be drawn in at this stage include Forestry and Woodland Advisory Committees, Regional Flood and Coastal Committees, Catchment Partnerships, Internal Drainage Boards, Local Access Forums, National Park Authorities, AONB partnerships and Local Nature Partnerships. Whichever groups and bodies are involved, the most important thing will be to set a consistent framework and ensure collaboration across boundaries.
- This proposal will only work if the Defra 14 area level is properly resourced. There is a risk that these areas mean little to those outside Defra and are viewed as Defra not being able to cope with working with counties given their number.

- Without sufficient resourcing and power for the 14 areas, we propose having a Defra lead manager in each of the 14 areas who can set up county-based (LNP-led where possible) frameworks, within which there is targeting to Natural Areas, and cross-county working as required. This is how the structures worked in the past with Countryside Stewardship/ESA.

Example: Local Nature Recovery Strategies

The Environment Bill suggests that the Nature Recovery Network would be broken down into Local Nature Recovery Strategies (LNRSs) that would span one or more (whole) local authorities. Funding for farmers and land managers for environmental land management will be one critical delivery vehicle for LNRSs. These LNRSs (or their future equivalent) would be designed and delivered by an appropriate authority; the Environment Bill listed a range of possible authorities: Local Authorities, Combined Authorities, National Parks, Natural England.

LNRSs will contain a list of biodiversity priorities for the Strategy area and a map capturing areas of existing importance (European, national and local sites) and identifying habitat and species opportunities. All semi-natural habitat should be mapped regardless of whether it has a designated status or not.

The development of any local/regional spatial plan to guide the targeting of measures within ELM should reflect the priorities and opportunities identified in LNRSs. And both the LNRS and ELM should reflect the priorities in the Environment Bill and their expression in a series of national targets. We are extremely supportive of farmers and land managers coming together to deliver priorities across different geographic scales – therefore alongside/as well as the ELM Area Plan, we anticipate individual farmer/farmer group ELM Delivery Plans.

Local

- We are not attached to one geographic scale at the local level (other than for water management, where it would not make sense to think about any scale other than sub-national or the catchment). The structures that are set up need to be designed to deliver the outcomes of ELM and we urge Defra to test, trial and pilot different approaches. One existing building block to use for local areas would be the National Character Areas in England. The 159 NCA areas already provide a detailed assessment of landscape, geology, biodiversity, land use and provide an excellent basis on which to build priorities. One specific recommendation for the ELM national pilot is that the LNRS level is used, based on LNP or county area.
- We propose an ELM Delivery Plan which translates the ELM Area Plan into an action plan which can operate at different levels – from individual land holdings to multiple farms working together at landscape or catchment scale, as there are clear benefits when farmer collaboration enables delivery at greater than single farm scale.
- Farmers and land managers will need support from a local knowledgeable advisor/facilitator to create their ELM Delivery Plan. This could be a Natural England advisor, or it could be led by other organisations/groups (e.g. The Wildlife Trusts, GWCT, FWAG, The Rivers Trust, a contractor, etc). In time, this facilitation and support could provide rural economies with a vital source of income as land managers become specialists in their field
- Detailed mapping of the Nature Recovery Network with existing assets and opportunities at a level which can meaningfully inform farm-scale planning can be undertaken at a local area, based on local knowledge, within a national framework.
- Local partners including Farm Clusters, Local Nature Partnerships, Local Access Forums, Catchment Partnerships and landscape partnerships (including but not limited to AONBs and National Parks) should be involved in developing the ELM Delivery Plans and setting priorities for their areas, within the national framework.

- Much of the information required to support LNRSs will be held at the local level – updated Local Wildlife Site data, for example, where Local Record Centres hold that information. Where larger area spatial prioritisation has taken place previously (e.g. the South East Biodiversity Opportunity Area mapping) the work happened largely with the County or Unitary as the unit, because that was the location of the best data/knowledge.

In terms of the balance between local, regional and national priorities, we feel that it is important for there to be a **consistent ‘national offer’**. However, there is a significant need to develop and pilot new approaches that can drive innovation, to encourage new local approaches and use of novel mechanisms. **Recognising and rewarding farmers and other land managers as innovators in this respect will be critical.** One way to secure the balance could therefore be to allow areas to develop a ‘local offer’ to deliver against a range of local, national and international priorities, which would be funded where capable of delivering better outcomes than would otherwise be achieved through a national approach. Our ‘Payments for Outcomes’ work in the Yorkshire Dales has found that the National Character Area profile is very useful for this. There is already complete coverage across England, it is holistic, and the NCAs include Statements of Environmental Opportunity which can be used to set local objectives for change.

We also believe that **local communities and other stakeholders should be involved**, and that the process for involvement must be democratic and transparent, and convened by an appropriate public body (e.g. in one of the 14 Defra areas or the LNP). Only local people will be able to provide the requisite local expertise and knowledge which is essential to both ensure the most impactful priorities are chosen and that people are bought into the process from an early stage. While involvement of local communities and stakeholders is essential, the process must be owned locally and nationally by a government body, who will have responsibility for ensuring the work is appropriately resourced and delivered over the medium term. There is also scope to facilitate local community involvement in **monitoring and enforcement**; under the current system, there is no means by which the public can report breaches in compliance (e.g. inappropriate hedgerow cutting, slurry spreading, footpath destruction). If a reporting system is created to help hold farmers and land managers to account, this would better target enforcement and minimise resources, create societal buy-in to ELM, and secure a better understanding amongst farmers and land managers that they are getting paid to deliver for public benefit.

On a more specific point, the discussion document fails to mention floodplains as a specific land-category with its own specific targets, thus limiting the potential for land managers and farmers in these areas to be recognised and paid for the enhanced public goods they could deliver. This is important because almost 70% of floodplains are under intensive agriculture with consequences for flooding, sustainability of farm businesses and wildlife. Better management of floodplains has the potential to contribute to managing flood risk as well as restoring and creating a range of habitats with high wildlife value, storing carbon and protecting meadows with a rich cultural heritage. There are already networks of landowners who are managing and restoring floodplains for multiple benefits to society, backed up by an extensive database of management and restoration successes and failures through the national **Floodplain Meadows Partnership**. Working with Catchment Partnerships and statutory agencies, farmers could be rewarded for restoring floodplains and meeting not just flood risk management objectives but multiple of objectives on carbon sequestration, improved water quality and better access to and enjoyment of our rivers.

Finally, by **aligning and integrating public investment with patterns of funding established and influenced by regional business needs**, there is an opportunity to ensure that natural infrastructure investment plays a role in supporting regional economic development whilst delivering against local, regional or national environmental priorities. This may be a useful manifestation of 'joined-up government', linking local natural capital plans, Local Enterprise Partnerships and Local Industrial Strategies, and the national priorities of the Department for Business, Energy and Industrial Strategy (BEIS). In the same vein, it is also key that ELM, as part of the 25 Year Environment Plan, is married up with other key initiatives across Government to ensure a joined-up approach between rural and urban planning, not seen as a standalone initiative in the rural environment. Moving to a system where environmental spending is enhancing local natural infrastructure in line with local needs will boost economies and increase tax receipts. In the same way that the Government sees a return for hard infrastructure investment, they should also see one for natural infrastructure investment if this is clearly aligned with local needs such as with flood risk mitigation and public access. More information on blending public and private funding and the means to deliver this at the local level is given in section 3.13 below.

The **Yorkshire Land Network** convened by Yorkshire Water and the National Trust, as an extension of an existing landscape delivery partnership between the two organisations, is a great example of where like-minded landowners and influencers have come together to identify common goals and are committed to feeding into other partnerships to identify and support opportunities where they can work better together in achieving a common purpose.

3.12 What is the best method for calculating payments rates for each tier, taking into account the need to balance delivering value for money, providing a fair payment to land managers, and maximising environmental benefit?

We applaud Defra's intention to explore new innovative approaches to payments with the potential to secure enhanced outcomes and improved value for money, including the goal to leverage additional private investment alongside public funding. Achieving the key outcomes of ELM will require **incentivising action and re-imagining the business model** and the 'range of countryside products' on individual farms, across a number of farms and across whole catchments or landscapes. We therefore need to find alternative, realistic ways to overcome the existing income foregone model for environmental schemes, **paying instead for benefit flows or services delivered**, especially important in the uplands and other marginal areas of farming. Moving to a natural capital approach is an explicit desire of the 25 Year Environment Plan and should be encouraged. Whilst there may be challenges around WTO compliance when moving beyond income foregone, we need to find a way that recognises how financial support will be focused on delivering public not private benefit so as not to stifle the original aspirations of ELM and maximise delivery potential for the 25 Year Environment Plan.

Despite Defra's ambitions, we are hearing less about a focus on rewards for environmental outputs, payments based on the value of the public benefits and a shift in the way we farm in England, and more about the existing approach to prescriptions and compensation for income foregone. **The new ELM scheme must be more than just a new 'agri-environment scheme'**. It needs to be the foundation of a new approach to restorative land management that can create win-wins for the future of farming, land management, nature conservation and people.

As a 'cornerstone' of a future land management system which better links the public with farming, the core objective of ELM should be to **ensure the most ambitious farmers and other land managers are generously rewarded and incentivised to go further**. The aim should be to create a 'ladder' enabling all farmers and land managers to increase their ambition over time, but those already at the top should reap the greatest reward, encouraging all to go further. The long term nature of delivering and maintaining appropriate land uses to deliver public goods also needs an improved approach to offering longer-term land management agreements. This is essential to give farmers the **confidence to implement or invest in long-term land use change**, such as flood and coastal management or habitat creation.

Farmers are used to a highly bureaucratised system in which they pick from a pre-determined list of measures with set prices. This can feel like a 'tick box' exercise which fails to tap into farmers' energy or knowledge about their land or realise structural change in the way farmers engage with protecting and improving the natural environment. It also makes it more difficult for private schemes which need farmers to be more heavily engaged in innovation and delivery. The National Trust's 'Payments for Outcomes' trial in Yorkshire has shown that **paying for outcomes as an alternative can be very effective in engaging farmers in improving the environment**. With the right level of upfront advice, this approach can be empowering for a farmer. It gives them flexibility and control in delivering against an objective, adopting interventions that they know will work best for their farm and which suit its natural assets. Indeed, in their core business of food production, farmers are used to testing what works, taking risks and innovating. But it is not how they are used to delivering environmental services which has, until now, been done in a top down, rigid way with farmers being 'told' what they can and cannot do.

From the perspective of demand-side business, the ambition of Defra to move towards paying for outcomes is also a more attractive option for the private sector as it **shifts the delivery risks** onto farmers and land managers who have the ability to influence them. However, many farmers may not have the capital to take on the level of risk associated with an outcomes-based scheme, such as with flood management, or do not simply want to engage with such a novel approach. Even so, our payments for outcomes trial is showing promising results, suggesting the appetite for this will grow, especially where delivery risk can be managed through a new governance model locally.

As such, we see the targeted element of a future ELM scheme as using a **combination of both results ('outcomes') and action-based payments, with flexibility and the ability to combine options and measures to maximise outcomes**. These targeted contracts could comprise a selection of different public and privately funded tools to achieve a variety of complementary outcomes. And whilst a payment for outcomes approach may be more appropriate for Tiers 2 and 3, coupled with either reverse auctions or negotiated agreements depending on the nature of intervention required, many farmers engaging with ELM at the basic level of Tier 1 may initially benefit from a more top-down prescriptive approach as currently employed with traditional agri-environment schemes.

Beyond the basis for payments, we agree that ELM should go beyond income foregone plus costs to include an **additional margin or 'bonus'** for a set of pre-defined measures. The payment of an additional bonus may motivate more farmers to get involved, but it will not engage their knowledge and skills in improving the environment. Instead, this 'top-up' element, even in Tier 1, should be **based on some measure of effectiveness or results delivery**, even if this is quite basic at first. As the Government starts building up the evidence of effectiveness or results delivery, and by

using metrics that are demonstrably improving, it should be possible over time to show that **ascribed economic value is greater than the economic cost of a scheme**. In the case of a top-up payment, this could therefore be based on how a metric has improved, such as improved condition of a natural asset. Over time, we would support **greater uptake of the natural capital approach** where the extrinsic values of ecosystem service delivery can be measured and rewarded according to their contribution to society.

Our departure from the CAP and introduction of a PMFPG approach is about changing the mindset of farmers and land managers, and should start right from the beginning of the transition. As well as increasing the effectiveness of ELM, planning how we might make the move to a natural capital approach would also help prepare farmers to deliver services for private funders, determining and working on the basis of what needs to be delivered across a given area or landscape for all actors.

3.13 To what extent might there be opportunities to blend public with private finance for each of the 3 tiers?

Whilst the new ELM scheme will be based on the principle of PMFPG, measures that farmers adopt on their land may also produce private benefits for companies or create a platform on which these can be realised. Likewise, through private schemes, we might see interventions also yielding public goods as co-benefits.

Recognising and taking advantage of such **synergies for integrating public and private funding** can lead to increased environmental impact, better value for money, avoidance of conflict between schemes, scheme simplification for farmers, increased private investment and the securing of environmental outcomes in the long term. In particular, enabling and encouraging private investment for private benefit can magnify the impact of public funding, by freeing up more public money for undertaking additional activity. For example, some soil management measures proposed for Tier 1 of ELM could reduce flood risk and improve water quality and availability, by increasing penetration and reducing run-off. If some proportion of those measures, where going above the regulatory baseline, were funded privately, this would release more public funding to spend on Tiers 2 and 3, where more significant environmental outcomes may be achieved, or for additional activity to that covered by a Tier 1 agreement. There is also an opportunity to explore the **complementary role of private funding and taxation to support maintenance and investment in infrastructure** (environmental and access) on which a significant part of the rural economy and wider society depends. This will be vital to securing a healthy environment and thriving rural areas in the future.

Linking different funding sources can **increase the environmental value of interventions** chosen, especially if multiple benefits are considered. For example, a water company paying for cover crops and getting better water quality results by encouraging improved crop rotations, soil management and creation of riparian strips would also deliver wider environmental benefits. Therefore, if a water company's investment is linked together from the start with funding from other businesses and from ELM, which may be targeting outcomes such as biodiversity and carbon sequestration, then more environmentally beneficial interventions become viable. This could however only work where the distinction between what is required by law or a scheme compliance requirement is clear.

The Green Alliance and the National Trust have explored this idea in the report ***New routes to decarbonise land use with Natural Infrastructure Schemes*** (see https://www.green-alliance.org.uk/natural_markets.php). This showed that, by combining funding for flood risk reduction with funding for carbon sequestration, a biodiversity-rich riparian woodland could be an attractive option. In contrast, if these interests are funded separately, less environmentally beneficial attenuation ponds and fast growing non-native woodland would be more cost effective choices.

Although the discussion document sees private funding as explicitly playing a role in Tier 3, many of the measures and outcomes targeted under Tiers 1 and 2 would also deliver benefit to businesses. **It would therefore make sense to facilitate the blending of public and private finance across all three tiers.** For this to be possible, the legal agreement will need to enable the integration of funding from different sources. Whilst historically there have been challenges with issues such as dual funding, the new ELM scheme is an opportunity to ensure blending is specifically designed into the scheme from the outset. The other main issues that need to be resolved to enable business and ELM to invest side-by-side will be **governance, the basis for payments and risk management.**

In addition to broadening the scope for private funding to work alongside public funding across all three tiers, and the nature of how this happens, the focus of Tier 3 on land-use change may limit the interest of private buyers. If Tier 3 was repurposed to deliver **landscape-scale change, based on a change in use as well as management**, this would facilitate a more multifunctional approach that would appeal to a range of private sector buyers of different ecosystem services.

Large scale private finance, such as from carbon offsetting, could also be funnelled in at regional/national levels by Defra. In doing so, it is **important that ELM provisioning does not become distorted** towards those ecosystem services that private finance will pay for. Defra will also need to ensure that funding from developers, for example net gain or District Licensing, complements and works with ELM. Again, it is essential that maps or plans for ELM, NRN, net gain, LNRS and rural development are integrated to ensure coherent decision-making.

There will also be scope for a hybrid funding model where public and private finance has been blended at the national level and directed at specific landscape-scale projects as with those envisaged under Tier 3 and as part of the Natural Environment Impact Fund (NEIF).

If ELM and private schemes are separate, there are several possible undesirable outcomes. Firstly, different schemes could be in direct conflict. For example, if separate schemes are working in the same landscape, they may fund incongruous or conflicting measures which reduce the effectiveness of each. Conversely, different schemes may fund the same thing in a landscape, either leading to double funding, or to inefficient funding allocation, with over delivery of a particular outcome.

Secondly, competition between schemes could lead to one stifling the other. This could happen due to farmers choosing between competing schemes, or due to ELM crowding out private investment. We have heard that farmers are already deferring involvement in private funding schemes available now, because they are unsure how this may impact on their ability to take part in the future ELM scheme. This could lead to years of inactivity and missed opportunities for action

to reverse the nature and climate emergency. This is a good example of how disjointed working can lead to suboptimal outcomes.

Thirdly, farmers could face a complicated landscape of public and private options, leading to difficulties in assessing which schemes to take part in, and whether different schemes would be compatible. If the decision is too complex, farmers may opt for the more familiar publicly funded approach to the detriment of more substantive environmental improvements to underpin the farm business and deliver wider societal benefit.

The default situation, at least in the first years of ELM, is that it will not be linked up with private funding schemes which are being developed. The undesirable situation outlined above can be avoided by **linking up schemes early or by at least creating the necessary scheme architecture** for it to happen as soon as possible further down the line – and across all three tiers. The role of the land management plan in stacking outcomes and integrating different funding sources will be key.

More information on **how the interface between public and private funding could operate** is given in our first policy briefing on our *Eden Model Test & Trial Project* with Green Alliance and 3Keel presented to Defra at the end of March (unpublished). This explores various issues such as developing the right governance framework, finding the right basis for payments and risk-sharing, and the need to establish accredited market-brokering services.

3.14 As we talk to land managers; and look back on what has worked from previous schemes; it is clear that access to an adviser is highly important to successful environmental schemes. Is advice always needed? When is advice most likely to be needed by a scheme participant?

As we move from Countryside Stewardship to the new ELM scheme, coinciding with the phasing out of the Basic Payment Scheme, it is important to **build understanding and consensus**, and to help farmers and other land managers prepare for this new system of incentives and support. We are therefore pleased to see the recognition that advice is critical to the success of ELM and the national pilot.

However, the Government must first recognise that there may not be enough advisers with the right skills who have the potential to support land managers participating in ELM. Learning about who supports the current schemes well, understanding whether ELM will need the same or different skills, and understanding the scale of the total advice need (compared to the current schemes) will be important for ELM. Given ELM has been conceived to meet several goals of the 25 Year Environment Plan, there will certainly be a need to **grow the capability of relevant organisations** such as Natural England and the National Parks.

In the early days of RDPE delivery there were two Defra upland pilots: The Bodmin and Bowland Upland Experiments. Among other things, these tested advice delivery by an in-house advice team against an externally delivered team. The main finding was that it was harder for the external team to give good advice because they were less close to the decision making that went on within the grant giving body. If Defra is planning to develop externally trained or certified advisers, it will be important that there are **lots of opportunities for advisers to get feedback from scheme administrators about what 'good' or success looks like.**

There is currently a poor understanding in some farming sectors of the costs of production and the fact that more extensive systems which are better for the environment may also be the most financially beneficial. There is also an **accelerated risk of damage associated with a funding gap** as higher level agri-environment schemes are phased out and the new ELM scheme is introduced; in the short term, some farmers may be left with no option but to intensify their practices in order to remain operational, without appropriate advice.

Compounding this, the **next generation of farmers are not being equipped** with sufficient knowledge on basic issues such as avoiding harm to soil, water and biodiversity and how relatively simple management changes can improve pollinator health and soil fertility, or training in techniques like integrated pest management. With a focus on encouraging improved environmental performance and sustainable farming practices, the new ELM scheme will require farmers to be best equipped to take advantage of these opportunities.

We therefore feel advice must be targeted at those who need it most, be it where farmers and land managers are causing environmental harm, where integration of productivity and environmental goals is essential (particularly as part of Tier 1) or where high quality environmental outcomes are sought (Tiers 2 and 3). The **types of advisors** that may be required would need to correspond with the goals and objectives of each tier, for example:

- Tier 1 – current private advisers, e.g. agronomists or land agents with training such as BASIS Soil and Water or BASIS Conservation Management (certainly in the early stages of the scheme)
- Tier 2 – semi-private advisers, e.g. FWAG, RSPB, National Trust Farm Advisers
- Tier 3 – professional ecologists and landscape/ecosystem engineers

The difference between Tier 1 and Tier 2 advice could be that Tier 2 advice could not come from someone linked elsewhere to the farm business, i.e. a farmer would not be able to get Tier 2 advice from the same person selling crop protection products or completing the farm's accounts (as is currently the case).

And if advice represents an up-front cost to the farmer, the ELM scheme needs to **demonstrate that it is a worthwhile investment** because a small upfront payment has a high likelihood of delivering a sizeable grant. In the case of a payments for outcomes approach, the potential for higher returns might provide a slight incentive, but as this approach will be new to most farmers, at least initially, they are unlikely to regard it as an easy way to recover the cost of advice. Either way, an upfront cost for advice will be a likely barrier to entry and uptake of ELM, unless there was a guarantee of entry which is almost the case with assurance schemes. As a competitive scheme, this may be problematic unless a 'no grant, no advice fee' principle operates.

Irrespective of who pays, particular priority should be given to helping farmers **improve their environmental performance and employ environmentally sustainable farming practices**. In this respect, attention should be given to where whole farm system changes or approaches are needed as the foundation for progressing through the ELM tiers, but not where farmers need to meet basic scheme entry compliance requirements, except perhaps in the short-term for some areas and systems under a Tier 0.5 scheme. While one-on-one advice may be appropriate in some situations, other mechanisms such as YouTube videos, webinars and Tweets may be ways

of delivering practical advice in an **accessible way that also delivers better value for money**. As another example, the FABulous Farmer initiative has also yielded good results in changing farmer practice; see <https://www.soilassociation.org/farmers-growers/farming-news/2019/november/12/an-agroecology-tour-fabulous-farmers/?count=13>.

Providing farmers with **targeted advice and access to business skills opportunities** will be critical. There is clearly a need to work with the smaller farms, both tenanted and owned, by firstly promoting planning and budgeting for the future and encouraging farmers to adapt quickly. Secondly, assisting farm businesses to move from a primarily production-based business model to one motivated by margin, preferably margin derived from a value-added driven producer group. Focusing on profitability and added value produce can also align strongly with environmental outcomes in the uplands, as well as improving financial resilience. In this way, upland farmers can for example position themselves to benefit from a future public goods focused policy whilst putting natural environment and cultural heritage credentials at the heart of a brand that will resonate with consumers. For more information: <https://greenallianceblog.org.uk/2019/11/19/a-less-is-more-approach-will-be-better-for-hill-farmers-and-the-environment/>

In the case of the payments for outcomes approach, which involves defining and explaining what 'good' environmental outcomes look like, the onus is on the farmer to understand what is needed whilst **building their confidence in using their own knowledge and skills** to deliver and to carry out self-monitoring to check their progress. This approach does also require **plenty of early advice and a collaborative approach**. We hope that the new advisory scheme will follow a similar model, focusing on early advice to farmers and other land managers and working in collaboration with them to deliver, in a dynamic way, environmental outcomes that are relevant to and suitable for local contexts, whilst integrating the environment into the farm business. Our experience of working with our tenant farmers as part of the ELM 'Payments for Outcomes' test and trial project has clearly demonstrated the critical value that collaboration and provision of on-the-ground, good quality, trusted and broad advice plays in achieving the quality of outcomes sought.

A properly funded, well-coordinated and streamlined advisory service is therefore required which also adheres to a set of clearly defined objectives set at a local level. Advice provision should be separated from enforcement activities, and multiple advice initiatives should be rationalised to provide greater coherence and ensure high standards. Advice should be coordinated at a local level, pooling skills and resources. Facilitation groups under Countryside Stewardship and Cluster Farms are good examples of such practice (see also section 3.10 above). At a national level, the Farm Advice Service has been a useful way for farmers to access advice on existing cross compliance requirements and Countryside Stewardship.

In terms of the most effective combination of advice, we believe it will be crucial for farmers to have **access to good quality, locally relevant advice via phone or by email and on-site advice for more complex agreements as in the case of payments for outcomes**. All of these elements could be provided by a combination of public and private/not-for-profit entities, as long as there are standards set for advisers, attainment of these standards is regularly assessed, and all advisers are rated by their clients and have regular access to feedback from scheme administrators.

The private sector is likely to focus on areas where the most sizable grants are achievable, assuming there are no controls on advice costs, whereas the not-for-profit sector is likely to focus on areas of fit with their own specific public goods interests. One of the roles for the public sector is

therefore to ensure there is **sufficient high quality advice available in areas where public goods delivery may be most complex**, but has the potential to deliver the most important public goods outcomes, for example in National Parks/AONB, greenbelt, green corridors, etc.

Alongside the provision of advice, we believe there is a **pressing need to invest in new education and training opportunities**, both college and CPD, to help equip farmers with the necessary skills and understanding to help achieve the Government's environmental ambitions whilst also capitalising on new opportunities this will bring. This would include improving ecological awareness and understanding, as well as affording farmers with basic skills in landscape and heritage conservation. We also see real opportunities to introduce CPD modules on relevant topics that might be part of the requirements to access funds or enter schemes in future. Likewise, another way to provide economically viable advice would be to pay farmers to attend accredited advice sessions, allowing farmers to gain a certain number of 'agroecological' points and then qualify for a payment (similar systems already exist).

3.15 We do not want the monitoring of ELM agreements to feel burdensome to land managers, but we will need some information that shows what's being done in fulfilling the ELM agreement. This would build on any remote-sensing, satellite imagery and site visits we deploy. How might self-assessment work? What methods or tools, for example photographs, might be used to enable an agreement holder to be able to demonstrate that they're doing what they signed up to do?

The ELM scheme should put more responsibility and control into the hands of farmers and other land managers, helping them better understand and integrate their environmental assets into their business model and move to more profitable ways of farming and land management.

The National Trust is already trialling the '**Payments for Outcomes**' approach with some of our tenant farmers in the Yorkshire Dales which is already helping them to better understand the capacity and potential of their farms. Early indications from our experience is that success factors include the provision of on-the-ground advice from trusted advisers, opportunities for knowledge-transfer between farmers, and **giving farmers more responsibility to recognise what "good looks like"** so they can self-monitor.

The 'Payments for Outcomes' work has found that as well as showing what has been done in fulfilling the agreement, **self-assessments are key to land manager engagement (and motivation) and lead to enhanced delivery**. Our questionnaires with 30 land managers to date have found that:

- 97% were happy to carry out field-based assessments on their farms, if given training and guidance by an advisor;
- 73% preferred to do annual assessments;
- 50% preferred to assess groups of fields that were all managed the same way;
- 67% said one week would be the maximum time they would be happy to spend on self-assessments;
- 70% would be happy to do their assessments on a digital app;
- 90% preferred to have outcome/results-based tiered payments bands;

- 64% said tiered payment bands would incentivise them to significantly change their management; and
- 73% wanted the adviser role to include verification of self-assessments.

Considering this strong steer from land managers and wanting to encourage uptake, in most cases we are advocating a detailed baseline assessment carried out by an adviser or specialist, followed by regular straightforward self-assessments. A change in payment band would trigger another adviser assessment for verification purposes.

Since the COVID-19 outbreak, all farm assurance schemes (e.g. Red Tractor, ACCS, RSPCA, Organic Certification) have moved to **online self-assessment** with the need for onsite visits being determined by a risk-matrix. This shows that self-assessment can work and, crucially, the idea that farmers cannot use a computer is no longer appropriate. This should therefore open up opportunities for greater use of technology for monitoring, assessment and advice provision within ELM.

As another example, the National Trust has been working with an app called SoilMentor, which allows farmers to upload results of soil analysis (and photos) onto an online platform, the position of which can be GPS located. It allows similar approaches to be taken for biodiversity (e.g. GPS pin, comments and photo of a margin, rare flower or sighting of a particular species of bird). This type of technology could be embraced more widely, with **onsite inspections becoming more risk-based**, i.e. farmers who do not self-assess would be more likely to be inspected.

3.16 Do you agree with the proposed approach to the National Pilot? What are the key elements of ELM that you think we should test during the Pilot?

The ambition to engage 4,000 farmers in the Tier 1 national pilot and 1,500 farms in Tier 2 from 2021 to 2024 should be **significantly increased in order to maximise ambition and better prepare for ELM roll-out** in late 2024. We feel this can be achieved in two ways: firstly, the Climate for Nature Fund could shore up the finances needed to run a series of Tier 3 national pilot projects, releasing more funds from the phase-out of BPS monies; and, secondly, with the early phase out of Pillar 1 greening measures, the 30% greening payment could be cumulatively adjusted according to the same percentage bands for the phase-out of BPS monies and these additional funds repurposed to increase participation of farmers in the Tier 1 and 2 national pilots. This would help **reinforce the new policy trajectory of paying for public goods** and so demonstrate good use of taxpayers' money.

We have already raised with Defra the issue of how ELM (particularly Tier 3) will relate to and interface with other funding instruments, particularly the new Nature for Climate Fund and Nature Recovery Network Fund. We understand that Defra recognises the need to adopt a **holistic approach to funding** and is exploring linkages with these new funds, but the urgency of this is made more important by new efforts to secure a 'Green Recovery' due to coronavirus and the underpinning nature of ELM. Whatever form it takes, the Tier 3 pilot could align well with many of different types of climate mitigation and nature recovery projects already proposed by various organisations, from peatland restoration to landscape-scale woodland creation.

The National Trust's existing projects and ideas from the **Riverlands Programme**, particularly our 'Living Rivers' conservation covenants work, to our ideas for the **Nature Recovery Network** in the

South-West and North, to our new post-coronavirus priorities of establishing 'Green Corridors' in the peri-urban landscape, and continuing our work to explore how the wider countryside could play a greater role in delivering for nature, carbon and people, are all areas that would align with the focus and objectives of Tier 3.

Specific elements that should be tested as part of the national pilot should be **how we move beyond the income foregone payment calculation model to a more benefits-led model**, how a ladder approach can facilitate increased movement, recognition and reward throughout the three tiers, **how certainty and risk can be managed as part of a payments for outcomes (or outputs) approach** which should be scaled-up significantly, how land management plans can integrate public and private finance and the necessary governance and delivery structures to help achieve that, how multiple land management plans can work together to allow for farmer collaboration and landscape delivery, **how the regulatory baseline will interface with Tier 1 and whether assurance standards might play that role**, as well as the role of a transitional scheme to help farmers get up to the required entry point for ELM.

The latter idea of a '**sustainable farming incentive**' could itself help support farmers during the transition, providing low-interest loans for a range of capital investments such as on-farm water and slurry storage. It could also support equipment needed to improve soil management such as drills for minimum tillage and fund farm level audits and management planning, covering environmental objectives such as biodiversity and carbon, and agronomic issues such as soil, nutrition and IPM. This would complement Countryside Stewardship, which will remain the main means by which farmers undertake environmental land management outside the national pilot as ELM is being developed.

3.17 Do you have any other comments on the proposals set out in this document?

ELM **must not be the totality** of a future farming and environmental land management policy. Parallel schemes for improving farm productivity and animal health and welfare should be available to support farm businesses in moving to a more resilient and sustainable state. And all financial assistance schemes must be underpinned by a robust and properly enforced regulatory regime. Mechanisms will be needed to ensure more equitable returns through the supply chain so that farmers receive a fair price for their produce, and there needs to be a programme of farmer-driven research, dissemination and innovation to improve practices and understanding. ELM should therefore be viewed as part of a wider framework to secure a sustainable and resilient food and farming system and a restored, accessible environment.

Furthermore, with the new system set to deliver environmentally-sustainable farming in the UK, it is essential that this is not undermined through the import of products that do not meet the UK's high standards. As well as threatening the extent of UK agriculture, this would see environmental damage being displaced internationally and risk our own high standards of production. It will therefore be critical that **safeguards against the import of low standard food** are introduced.

So, while the Government's initial proposals are a positive step towards the delivery of public money for public goods, **more detail is urgently needed on the wider agricultural system and transition period** in order to secure a sustainable and resilient food and farming system and a restored, accessible environment. We believe the following key elements should play a part in this:

- **A strong regulatory baseline combined with enforcement is required for everyone** to ensure that there is no further environmental degradation. This should clearly distinguish between the minimum environmental standards expected for compliance from a clear threshold for entry into, and payment from, ELM.
- **The current £2.3bn annual level of public funding for farming needs to be maintained.** However, an urgent, independent assessment of the scale of investment needed to tackle the nature and climate crises should be commissioned to understand any shortfalls.
- **New learning and continuing professional development (CPD) opportunities will be needed** to attract new entrants, overcome 'access-to-land' issues, and upskill all those engaged in ELM.
- **R&D will be needed to plug any gaps in knowledge and change needed in farm practice** to deliver an improved environmental performance and capitalise on associated opportunities, particularly nature-based solutions to help mitigate climate change.
- **Farmers in the uplands and other marginal areas will need dedicated support** to improve and re-position their businesses, as well as develop new skills, to respond in delivering natural and cultural outcomes.
- **An overhaul of the existing relevant or appropriate legal frameworks including a reinforcement of our international obligations on biodiversity and climate change** will be required in order to realise all of the changes foreseen in delivering this new approach.
- **Farmers should not be undercut by imported food produced to lower standards** so as to increase the resilience and sustainability of UK food and farming, and achieve environmental and animal welfare goals.
- **Recognition that other areas of Government have a role** in restoring the natural environment and addressing the climate crisis.
- **The role of consumers, supermarkets and the food supply chain** in mitigating their impact on the environment should also be addressed under the wider agricultural system.

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