

## Aldersgate Group response to Environment, Food and Rural Affairs Committee Inquiry

22 August 2022

### Environmental Land Management Scheme: Progress Update

#### Background

The Aldersgate Group is an alliance of major businesses, academic institutions, professional institutes, and civil society organisations driving action for a sustainable and competitive economy. Our corporate members, who have a collective turnover in excess of £550bn, believe that ambitious and stable low carbon and environmental policies make clear economic sense for the UK.<sup>1</sup> They have operations across the UK economy and include companies such as Associated British Ports, Aviva Investors, BT, CEMEX, Co-op, the John Lewis Partnership, Michelin, Siemens, SUEZ, Tesco, WWF and Willmott Dixon.

We develop independent policy solutions based on research and the expertise and diversity of our members. Through our broad membership, we advocate change that delivers benefits to an ever-growing spectrum of the economy.

#### Questions

##### 5. Should the Government change the focus on the ELMS scheme and/or the timescales for implementation given the current pressures on farmers and facing UK food security?

The Aldersgate Group warmly welcomes the Committee running this consultation, which offers a useful opportunity to take stock of the rollout of the Environmental Land Management Schemes (ELMS). At this point, clarity is needed from the incoming government on the finalisation and effective communication of its agricultural reform plans which will enable a stronger uptake of the schemes amongst land managers and farmers.<sup>1</sup> The UK is experiencing a triple challenge in mitigating climate change, halting, and restoring nature and biodiversity, and overseeing a transition to a more sustainable food system. Alleviating these has become more difficult with the war in Ukraine deepening global food insecurity. **We believe a better-communicated rollout of ELMS, supported by alternative policies to alleviate the risks to food security, is the best course of action for the UK, rather than delaying timescales for implementation.**

The UK's ELMS was destined to be the replacement and improvement, of the EU Common Agricultural Policy (CAP) and Basic Payment Scheme (BPS). Where funding would be granted based on the enhancement bought to important public goods, such as improvements in biodiversity (and the benefits which it brings, including underpinning food production). Some nations across Europe are interpreting the combination of current pressures as a reason to renege on previous environmental requirements made as part of the supply of rural grants/funding.

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<sup>1</sup> Wildlife and Countryside LINK (November 2021), *Public access is a public good: Connecting people to nature through Environmental Land Management*

**The Aldersgate Group is concerned by the prospect of a change that either lengthens the timescales or weakens the ambition of ELMS. The “public money for public goods” focus of the scheme was a key facet of the original plans shared in 2018.** Defra defended the ELM plan as “helping farmers become more profitable while sustaining our precious environment and tackling the effects of climate change”.<sup>2</sup> Designed correctly, ELM can provide a means to distribute funds more fairly, based on the contribution to delivering environmental benefits (climate change mitigation and adaptation; nature recovery; soil health regeneration; clean water and air; public access and education) rather than the size of land owned by a land manager. However, many smaller-scale land managers and farmers are not aware of the funding available to them. This lack of understanding is worsened when there are mixed reports about the roll-out of ELMS. **Clarity is therefore urgently needed from the Government on timeframes to reassure land managers of the transition required and the support ELMS can provide.**<sup>3</sup> There are many actors in the agricultural supply chain that are unaware of their role in meeting the Government’s objective to restore nature and strengthen food security. The ELMS policy should look to involve actors who do not have the time, inclination or do not yet recognise the benefit of transitioning to sustainable, nature-positive farming.

**We are concerned about a conflation of food security and cultural agricultural production.** In the Government’s own National Food Strategy,<sup>4</sup> there was a recognition that to achieve its objectives, the UK would need to “broadly maintain the current level of food production”. This strategy came out amidst the international context of already high food prices attributed to energy price rises and events in Ukraine. The strategy was correct in its measured approach, for not pursuing a rush to increase food production to the detriment of the environment. We urge the government to continue to reinforce this sentiment, that a healthy natural environment underpins food security.

Some stakeholders might see this crisis as an opportunity to row back on existing commitments to nature restoration. We are concerned that this myopic approach does not take into account the effects of climate change, and how land is both affected and can help alleviate climate’s effects. **We would encourage stronger ambition on the timeframe of the implementation of ELMS as land managers and farmers play a critical role in delivering the UK’s existing environment targets and carbon budgets.** In the context of worsening food security across the globe, there is an urgent case for reversing the decline of nature, for example, soil degradation in combination with climate change is predicted to largely reduce crop yields. It has been estimated that the costs of soil degradation in England and Wales amount to £1.2bn per year.<sup>5</sup> We look forward to the expected publication of the land use framework in 2023, where Government should signal that food security and nature management are inextricably linked. The framework should act as a guide to defining the leading role farmers have in achieving national climate and nature targets whilst reinforcing food security.<sup>6</sup>

**Furthermore, there are now increased costs of not continuing with the ELMS programme.** Research from *Green Alliance* shows that delaying implementation would

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<sup>2</sup> Defra Blog (September 2019), *Calls for public money to be spent on public goods*

<sup>3</sup> Defra Official Statistics (July 2022), *Farmer Opinion Tracker for England: April 2022*

<sup>4</sup> Defra Policy Paper (June 2022), *Government food strategy*

<sup>5</sup> Cranfield University (2015) *The Total Costs of Soils Degradation in England and Wales*

<sup>6</sup> Green Alliance (August 2022) *Land of opportunity – A new land use framework to restore nature and level up Britain*

mean ELMS' contribution of emissions reductions to the fifth carbon budget would halve. By 2035 (the midpoint of the sixth carbon budget), emissions savings would be half that expected from the ELM scheme. The effect on cumulative emissions is even more stark: across the whole period to 2035, emissions savings are 60% lower than expected.<sup>7</sup> In addition, supporting farmers to manage around 10% of land for nature not only helps to recover farmland wildlife, it helps to maintain (and in some cases) increase crop yields, whilst also reducing the need for chemical inputs including insecticides. This is due to the improved natural pest predation services.<sup>8</sup> In addition, it does not make sense to retain the BPS at a cost of around £1.2bn of public money, within this fiscally challenging context, when it does not necessarily deliver on the wider environmental benefits associated with ELMS (climate mitigation and adaptation, thriving wildlife, or access to beautiful natural environment).

**Additionally, the Government has proposed legally binding targets mandated under the Environment Act that it has committed the UK to achieve, including for species abundance, restoring habitats and water quality. The Act also mandates the Government to produce an Environmental Improvement plan, which should include interim targets.** Given the Climate Change Committee's calculation that agriculture and land use represent 12% of all UK greenhouse gas emissions, and is significantly off track to deliver emissions reductions, action is needed now and not later.<sup>9</sup> ELMS is one of the chief opportunities to promote nature recovery beyond designated sites and enable the UK to reach its national environmental targets. **Defra could consider providing a database of best-practice examples for land managers who are looking to restore nature but are unsure of how to best involve crop or livestock production alongside strategic nature recovery.** Our members that work directly with food supply chains do signpost their suppliers and encouraged them to improve standards in farming by providing requirements and frameworks to operate within, but practical examples and guidance on the ground would further encourage uptake amongst those land managers.

Land is a finite resource with many competing uses. **The Group would support proposals to review the quality of land being farmed for food production.** Areas of less productive land that are currently used for growing crops require higher input costs, most commonly in artificial fertilisers. A proposal from *Green Alliance* would restore 10% of the least productive farmland in England to semi-natural habitats through ELMS.<sup>10</sup> This would reward those who contribute to delivering carbon sequestration and biodiversity recovery while also creating benefits from reduced water pollution and soil erosion.

**Our diverse members also identified a potential risk from the announcement by the Secretary of State in June that the division of budget across the three tiers of the ELM scheme will be reconsidered.** It was announced that the budget would be split dependent on demand between the three schemes, rather than having a third ring-fenced for each of the Sustainable Farming Incentive (SFI), the Local Nature Recovery (LNR) and the Landscape Recovery schemes (LR). Initially, we would have expected this could help with the uptake of the SFI – the least transformational tier of ELMS. Given that LNR and LR cover larger areas

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<sup>7</sup> Green Alliance (April 2022), *Briefing: Delaying ELM would halve its carbon savings by 2035*

<sup>8</sup> Pywell, R. et al (2015) *Wildlife-friendly farming increases crop yield: evidence for ecological intensification*, Proceedings of the Royal Society b, 282 (1816)

<sup>9</sup> The Climate Change Committee (June 2022), *Progress in reducing emissions – 2022 Report to Parliament*

<sup>10</sup> Green Alliance (August 2022) *Land of opportunity – A new land use framework to restore nature and level up Britain*

of ecosystem recovery we would expect these to have a greater impact on carbon savings. By not ensuring the appropriate split of funding for the three schemes the Government risks a higher opportunity cost in not delivering more LNR and LR. It is also worth noting that there is a strong appetite for longer-term projects, and we understand that of the 51 applications to the Landscape Recovery only 15 can be taken forward as part of the Government's pilot.

**The Aldersgate Group recognises the complexity of the issues at hand. There is a justifiable argument to better help farmers and land managers with the immediate consequences of rising inflation, which is causing higher input costs for farmers across fuel, labour, fertilisers, and pesticides.** The Group would support temporary financial help, providing the government can find new money which does not impact the ELMS budget, or support policy or regulation changes that would help to alleviate concerns about food security rather than weaken ELMS. The Group proposes the following recommendations:

- **Implement, without delay, a more rounded SFI offer.** Our members who operate most closely with land managers suggest that the 2022 offer has not been comprehensive enough. They have found that farmers are reluctant to make transformational changes to their business and reduce inputs (artificial fertiliser and pesticides) based on a small pot of money to tweak soil management.
- **Defra rollout the following standards next year:** farmland biodiversity, integrated pest management, hedgerows, nutrient management, and the advanced levels of the soils standards. This would provide a greater opportunity for farmers to access additional funds and hopefully step-up environmental delivery.
- **Reduce timely administrative burdens,** by bringing transition and productivity offers into a single package to make it clearer and easier to access. Defra should also ensure elements of this package are better targeted to where it is needed e.g., business advice for small and family farms including those in more economically marginal areas (e.g., uplands).
- **Regulation to remove best before dates from a selection of products,** that will help to reduce food waste.<sup>1112</sup> This policy has been gathering momentum amongst food retailers for years and the Government could accelerate uptake across the entire food sector. The Waste Resources Action Programme (Wrap) estimates that removing dates on fresh fruit and veg could save approximately 50,000 tonnes of food waste per year.<sup>13</sup>
- **Encourage low opportunity cost feed for livestock.** This refers to sustaining livestock on "feed resources unsuitable or undesired for human consumption. The UK currently use 40% of arable land for producing animal feed. Reducing this could better balance the use of land to feed humans.<sup>14</sup>

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<sup>11</sup> <https://www.tescopl.com/news/2018/tesco-banishes-more-best-before-dates-as-shoppers-say-it-helps-reduce-food-waste/>

<sup>12</sup> <https://www.johnlewispartnership.media/pressrelease/waitrose/details/14097>

<sup>13</sup> <https://wrap.org.uk/sites/default/files/2022-02/WRAP-Reducing-household-food-waste-and-plastic-packaging-Summary.pdf>

<sup>14</sup> WWF (June 2022), *The Future of Feed: How low opportunity cost livestock feed could support a more regenerative UK food system*