

Na de Brexit:
agrarisch natuur- en
landschapsbeheer
in Engeland.
(After Brexit: agri-
environmental
schemes in
England)

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Introduction

- Having left the European Union, the UK must develop its own agricultural policy.
- Changes to the agri-environment scheme (renamed Environmental Land Management system (ELMS)), are currently being trialled, before being rolled-out across England in 2025.
- Direct payments will end.
- The money released will be used to finance “public goods”.
- Some of the innovations include payment by results, and natural capital accounting, e.g. nutrient balancing.
- We’d like to know what you think of these changes.

Contents

- “Getting out” and “getting Brexit done”
 - from CAP to the Agriculture Bill
- Do you support these changes
 - (1) changes to basic payment scheme
- Key changes introduced with ELMS
 - (2) **ALL** farm subsidy payments through agri-environment schemes
 - (3) payment by results
 - (4) recording and balancing nutrients
 - Conclusions: what’s the view of ELMS
- Spare topics and questions
 - (A.1) organic matter in the soil
 - (A.2) reducing greenhouse gases
 - (A.3) innovative green markets
 - (A.4) changes to the UK’s import tariffs compared to the EU’s



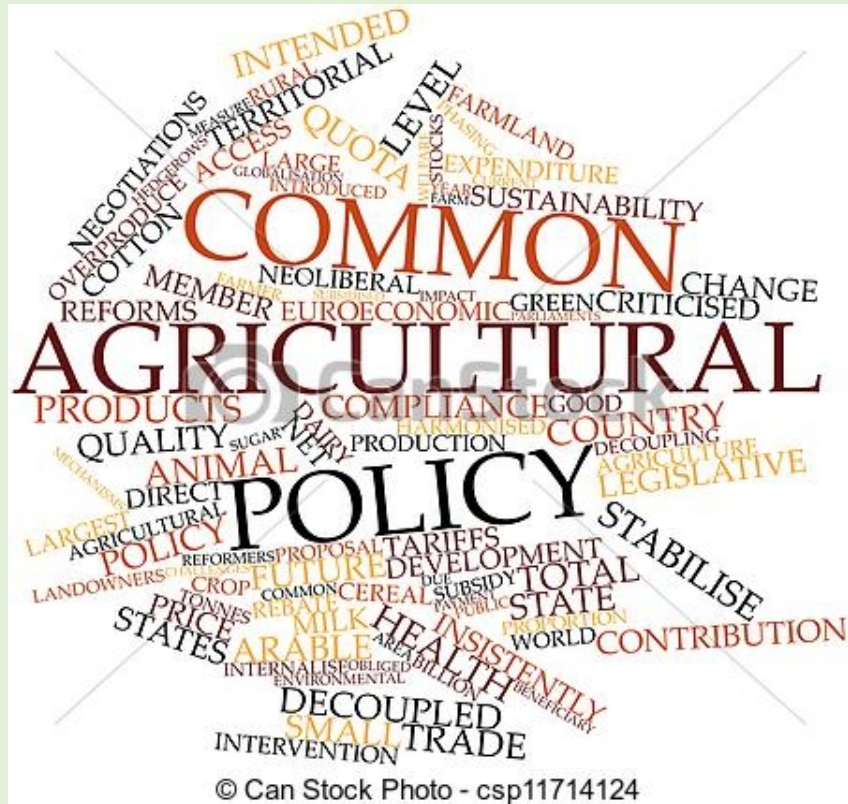
Getting out deadlines: a moveable feast

red lines, renegotiations & “get Brexit done”

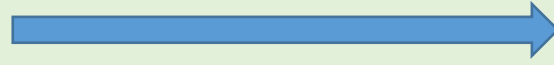
Referendum	Negotiations													OUT but IN	Next*
23	29				12		31		31	24		31	12	31	31
June	March	June		March	April		September		October	July		January	December	January	December
2016	2017	2017		2019	2019		2019		2019	2019		2019	2019	2020	2020
“OUT”	UK serves “withdrawal notice”	David Davis begins negotiations		2 week delay	24 week delay					Boris Johnsons Prime Minister			General Election		Exit agreement signed
	2 yrs maximum	“the Irish backstop”												OUT but IN	

*Next step: the withdrawal agreement

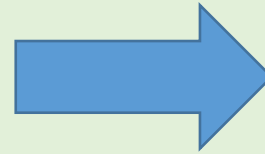
to Agriculture Bill



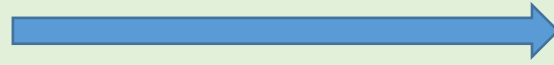
From the EU



to Defra

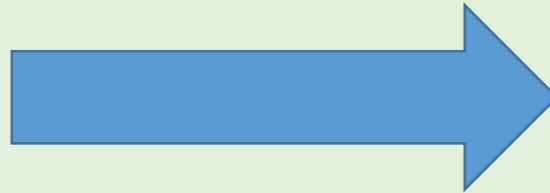


From



to

44% of the
European
Union budget
(€ 165.8
billion in
2019)



0.4% of the UK
Government
budget
(£2.4billion)

Compare and contrast A:
changes to direct payments

The future: Basic Payment Scheme (BPS)

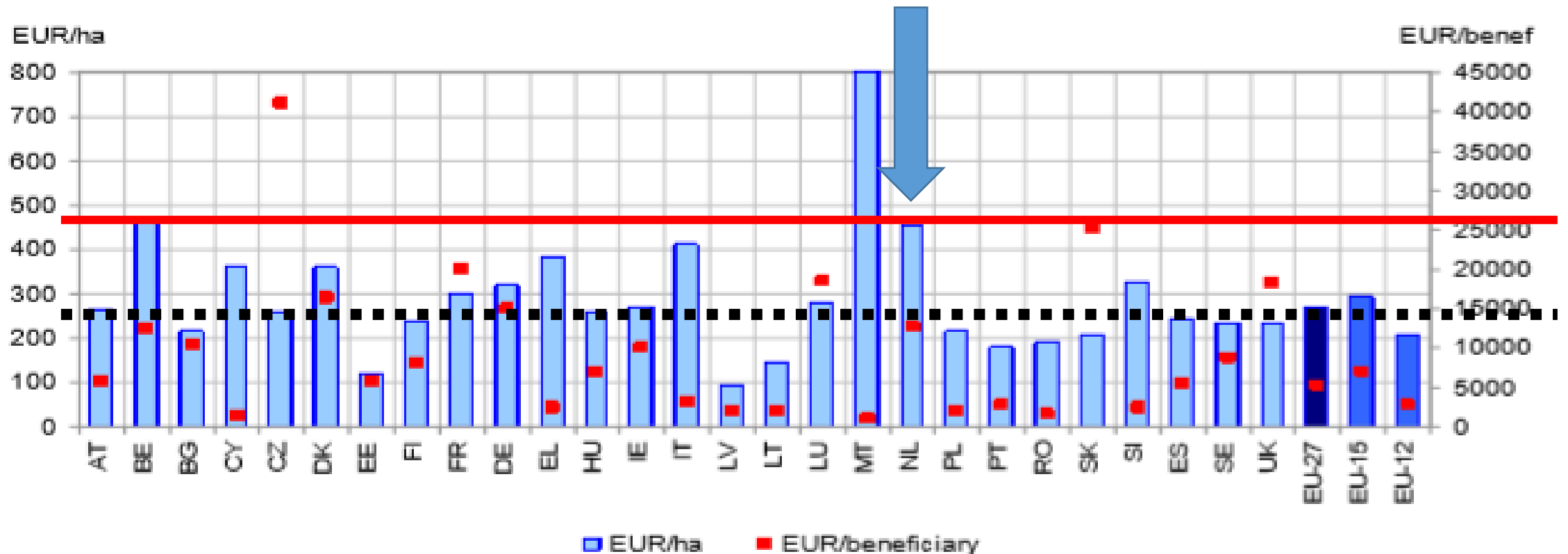
https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/future-cap_en

- **in the EU**
 - Internal Convergence
 - towards a “European Union flat BPS rate”
 - equal €/ha payment across all member states
- **an EU flat rate might be about €267/ha (p 20)**
- Current BPS in The Netherlands: about **€460/ha**
- Farmers in The Netherlands would lose about €210/ha

EC (2019) CAP towards 2020 Impact Assessment: Direct Payments (p 12)

https://ec.europa.eu/agriculture/rica/pdf/PO0202_direct_payments.pdf

Figure 5: Average direct payments per beneficiary and per hectare in each Member State



The future of the Basic Payment Scheme (BPS)

- **In the UK**

- towards a common flat BPS: £/ha
- reduced by about €210/ha
 - *i.e. the same as in The Netherlands*
- **BUT: the UK flat rate would = £0/ha**
 - *i.e. by 2028 it will be entirely gone*

Consultation exercise 1: preferences “direct payment”

- Can I ask you to raise your hand if you prefer a flat rate payment of **€267/ha** or a flat rate payment of **€0/ha**,
- **and now**
- to raise a hand if you prefer a flat rate of **€0/ha** or a flat rate payment of **€267/ha**.
- **Result of the vote:**
 - For **€267/ha**
 - For **€0/ha?**

Why do you think farmers supported Brexit?

- Farmers voting intention in the referendum (23 June 2016)
- N=577 farmers
 - 58% said they would vote to leave
 - 31% would vote to remain
 - 11 % were undecided
- Farmers Weekly poll
 - Not a representative sample
 - self-selected

Farmer support for Brexit as strong as ever, FW poll reveals



National Audit Office (2018) Key Facts (p. 4)

file:///C:/Work/My%20research_WORK%20IN%20PROGRESS/ELMS_VINO_TEXT%20and%20PPTs/Boerennatuur_6th%20March%202020/2019_NAO_Early-review-of-the-new-farming-programme.pdf

85,000	recipients of CAP direct payments in England in 2017
16%	proportion of farmers who made a loss between 2014-15 and 2016-17, despite receiving direct payments
42%	proportion of farmers who would have made a loss between 2014-15 and 2016-17 if they had not received direct payments and everything else stayed the same

The future of the Basic Payment Scheme (BPS)

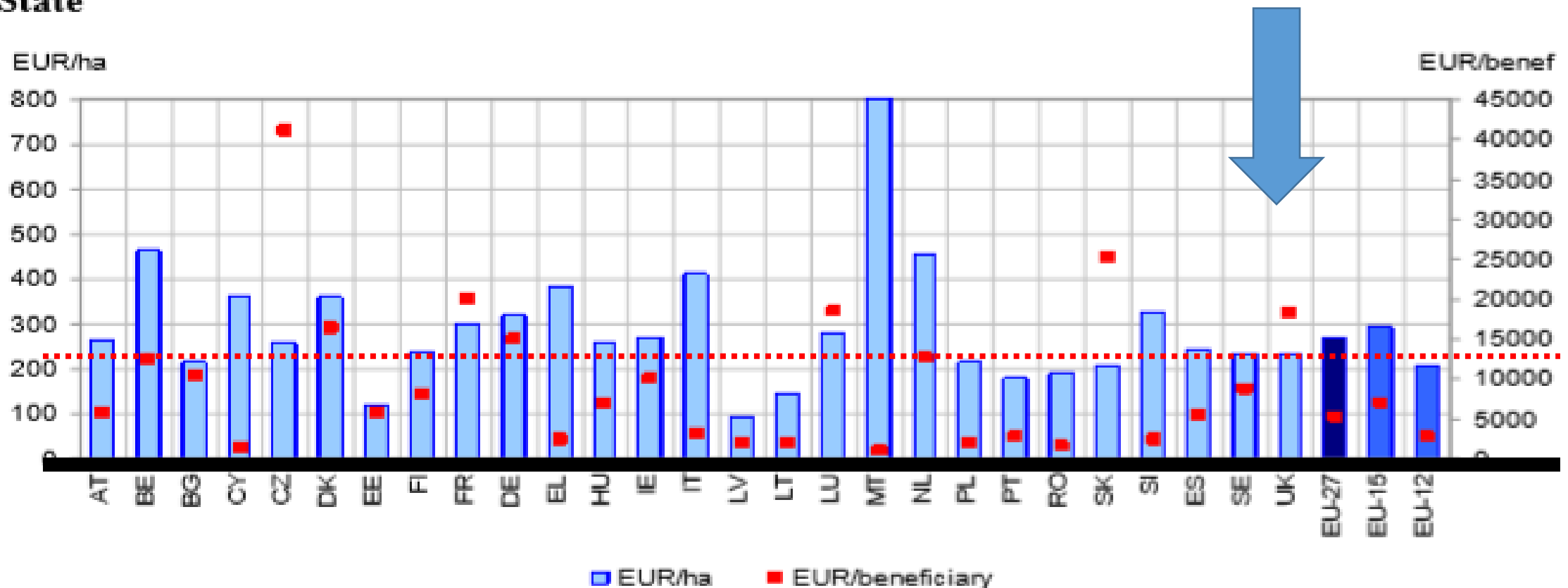
- Future policy in the UK?
 - No basic payment (**UK flat rate would be £0/ha**)
- The proposed reduction would be over 7 years (2021 to 2027)
- Reductions in first year: % reduction in bands (like income tax)

<u>Direct Payment Band (p.a)</u>	<u>Reduction Percentage (%)</u>
Up to £30,000	5%
£30,000 - £50,000	10%
£50,000 - £150,000	20%
Over £150,000	25%

EC (2019) CAP towards 2020 Impact Assessment: Direct Payments (p 12)

https://ec.europa.eu/agriculture/rica/pdf/PO0202_direct_payments.pdf

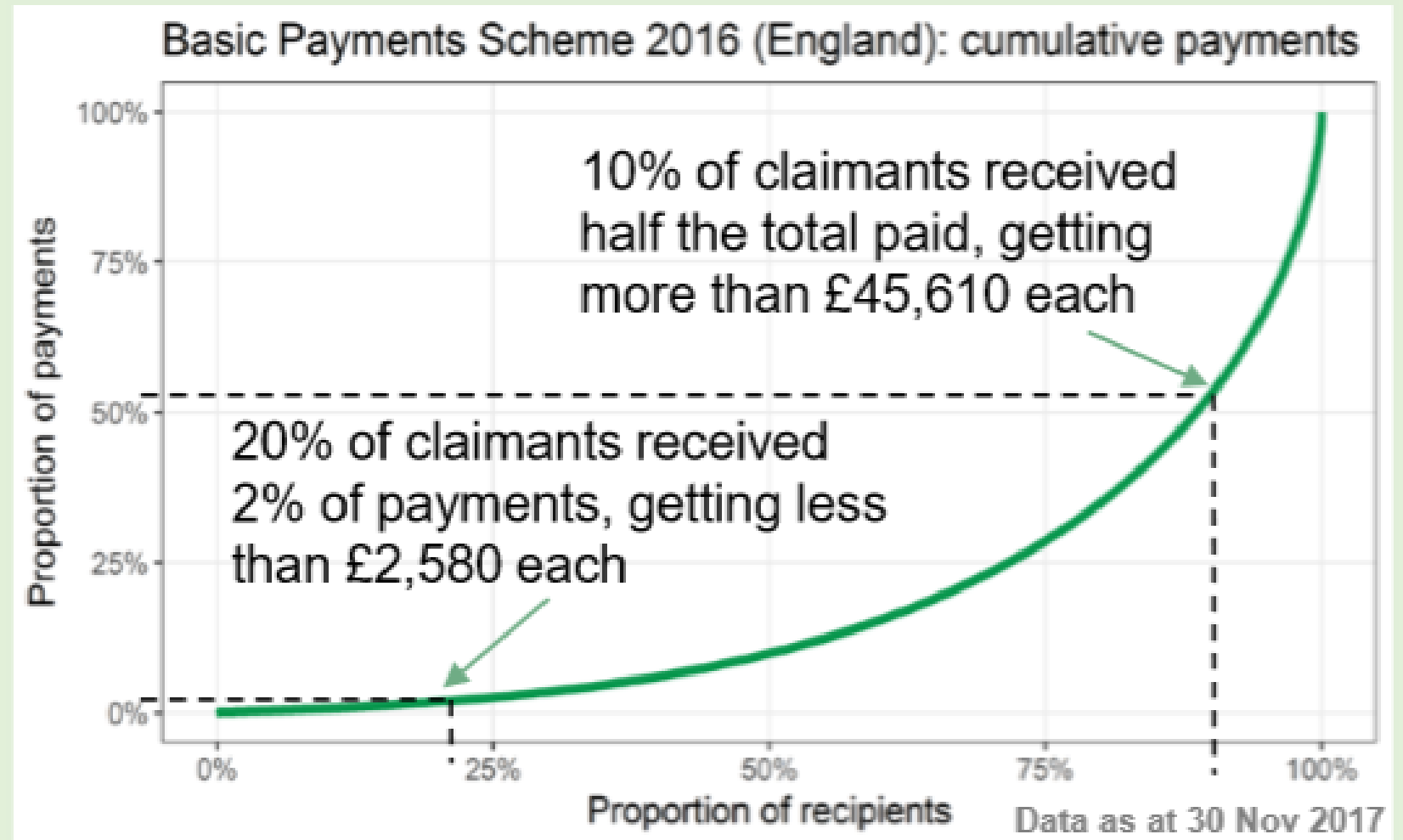
Figure 5: Average direct payments per beneficiary and per hectare in each Member State



Changes to direct payments: a comment

file:///C:/Work/My%20research_WORK%20IN%20PROGRESS/ELMS_VINO_TEXT%20and%20PPTs/Boerennatuur_6th%20March%202020/2018_moving%20away%20from_direct-payments.pdf

- Distribution of direct payments across the European Union



Compare and contrast C:
changes to agri-environment schemes

ELMS

- UK is trialling its new agri-environment scheme:
Environmental Land Management System (ELMS)
 - Based on “**public money for public goods**”
- Co-designed through 69 Tests and Trials
 - “The government will work together with farmers to design, develop and trial the new approach”
 - “farmers and land managers who provide the greatest environmental benefits will secure the largest rewards”

The step change to ELMS

(Defra (2018) Health and Harmony)

year	ELMS timetable	Current Agri-environment scheme Countryside Stewardship (CS)
2019 & 2020	Tests & Trials	Current agri-environment scheme agreements continue to be signed. (Previous scheme Higher Level Stewardship agreements may be extended)
2021	Large scale pilots, and Tests & Trials continue	
2022 to 2024	Pilots, tests and trials	
2025	Fully up and running with increasingly gradual take up as existing schemes end	<i>Phasing out of existing contracts</i>
2027		
2028		

(Source: Defra (2018) Health and harmony)

Associated changes to farmer payments

- **Now**

- Currently UK farmers received
 - €2.6 billion/yr. in Direct Payments
 - €0.6 billion/yr. in AES payments

- **Future**

- Guaranteed 2.6 billion/yr. in DP will transfer all ELMS for at least the next 5 years
- (after that: ??????)

Consultation exercise 2: preferences “budget expenditure”

- Can I ask you to raise your hand if you would prefer **ALL** your farm support payments to be made as agri-environment payments,
- **and**
- If you would **NOT** prefer **ALL** support payments to be paid through agri-environment payments.
- **Result of the vote:**
 - For **all support payments through agri-environment payments**
 - Against **all support payments through agri-environment payments**

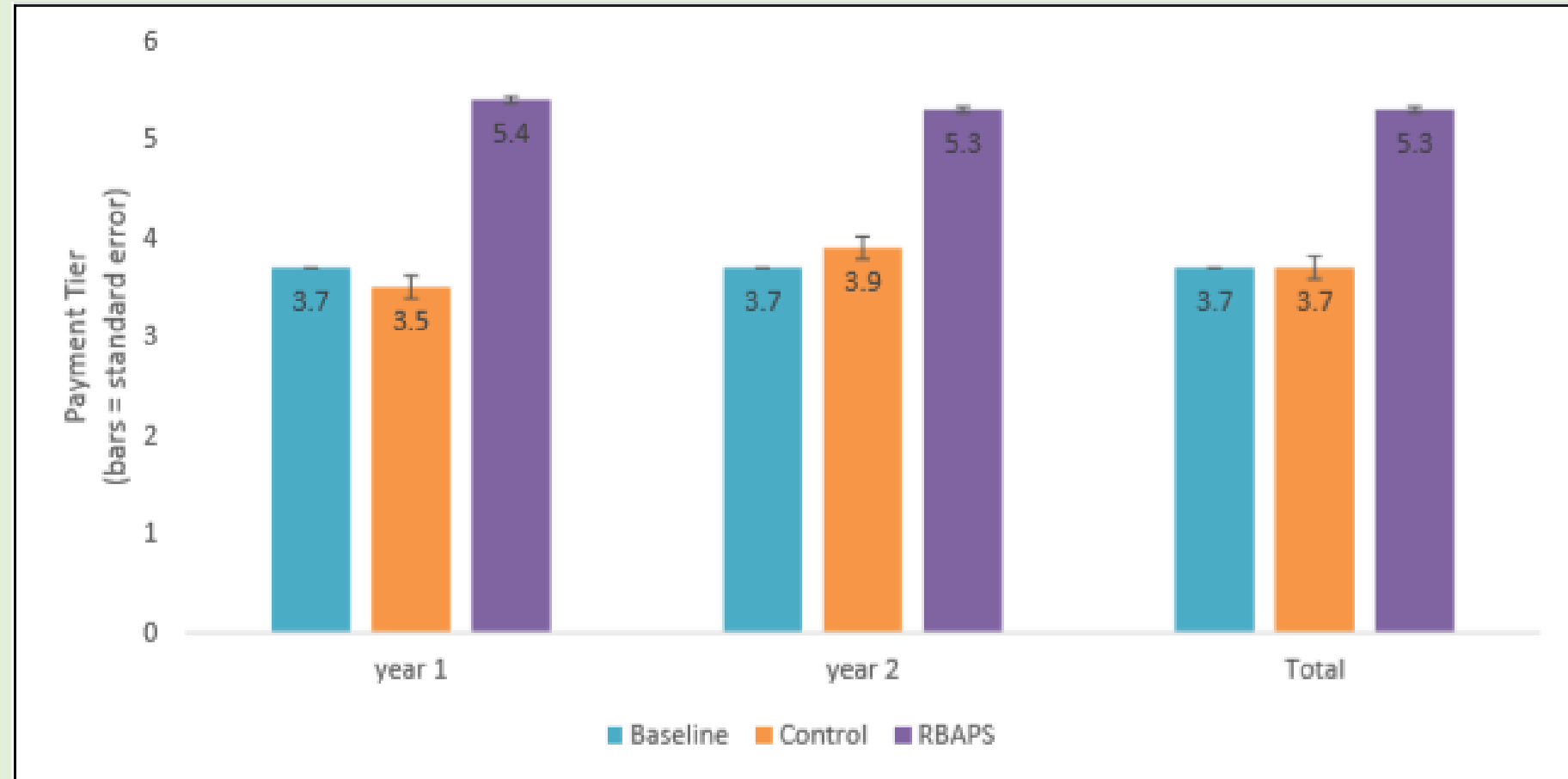
Compare and contrast D:
Payment by results

The new agri-environment scheme (ELMS)

- Voluntary, widely available, support farmer-farmer collaboration, simplify bureaucracy and increase flexibility, and require a “Land Management Plan”
 - which outlines *potential agronomic and environmental potential*
- “Explore”
 - **payment by outcomes**
 - **Farmers allowed to design their own EMO**
 - offer expert advice
 - not prescriptive

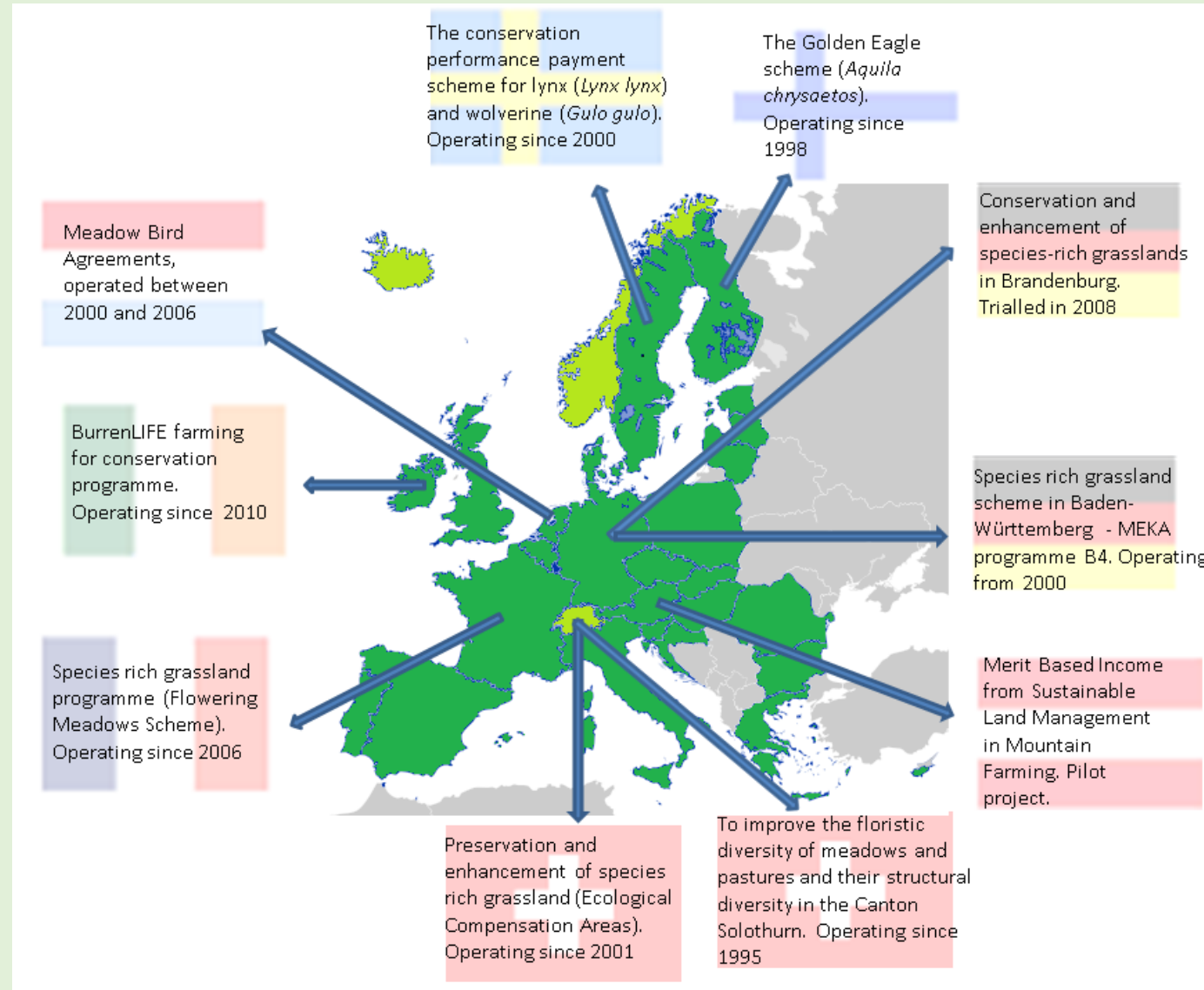
Results of PbR for winter bird food: payments by tier

- Average payment tier for each plot per ear, and average over two years



Dutch Farmers have some experience of results-based agri-environment schemes

<https://blogs.ec.europa.eu/rbaps/files/2014/09/RBPS-map.png>



Consultation exercise 3: farmer preferences “payment by results”

- Can I ask you to raise a hand if you support payment by results as an element of agri-environment payments,
- **and**
- those who do not support payment by results as an element of agri-environment payments?
- **Result of the vote:**
 - For **support payments by results as an element of agri-environment payments**
 - Against **support of payments by results as an element of agri-environment payments**

Payment by Results (& adaptive management)

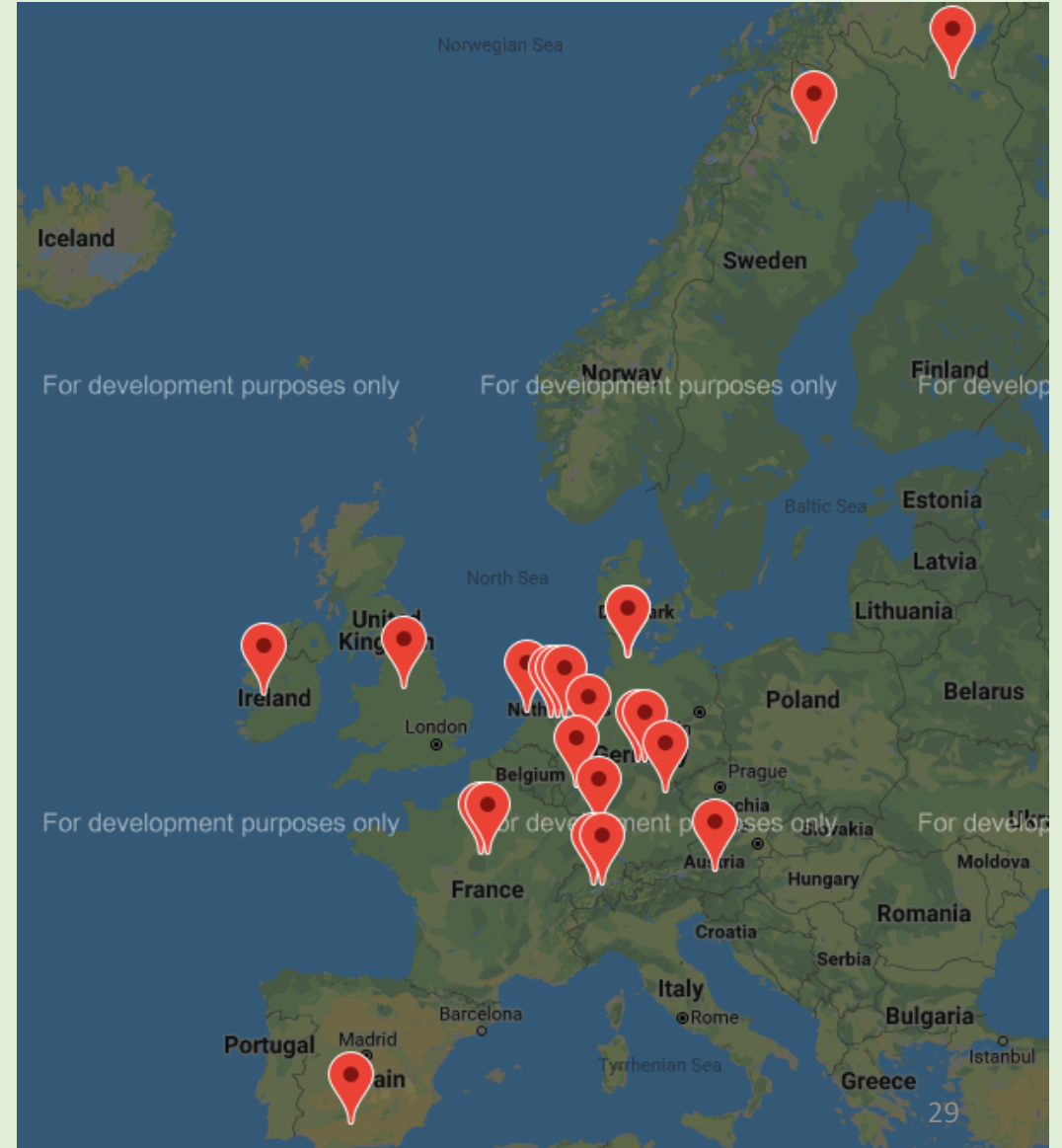
- **Use adaptive management – pass the decision making to the farmer**
- Arable trial
 - nectar plots for bees and other pollinators
 - Norfolk and Suffolk (15 farmers)
- Managing species-rich meadows
 - Wensleydale in Yorkshire (19 farmers)
- “it is an important step towards the future of agri-environment schemes for the first time quantifying environmental benefit”
(participating farmer)



Payment by Results (PbR) AES schemes

http://ec.europa.eu/environment/nature/rbaps/index_en.htm

- 21 payment by results AES across Europe
- E.g. Ireland: Burren Farming for Conservation Programme (BFCP) (2010-)
- E.G. England: The Farm Conservation Scheme (1987 to 1997): hay meadows in the Peak District



Payment by results: evidence from The Netherlands

https://ec.europa.eu/environment/nature/rbaps/fiche/species-rich-grassland-and-arable-botanical-manage_en.htm

benefits

- increased pride from farmers in their ecological achievements
- increased knowledge and understanding of species due to farmer training and engagement with conservationists
- Ministerial acceptance of the approach
- Farmer acceptance of the approach

challenges

- risk to farmers where actions have been carried out but no result is apparent
- additional administrative burdens for individual farmers
- the need for better targeting of the desired outcome
- Planting species to hit targets rather than by natural regeneration

Payment by Results- The Netherlands

https://ec.europa.eu/environment/nature/rbaps/fiche/search/country_NL_en.htm (updated August 2019)

- Fiche: Meadow Bird Agreements (2000-2006) limited to agri-environment cooperatives
 - Targeted 22 meadow bird species
 - Agrarische Natuurvereniging (ANV) acted as intermediary contract partners between paying agencies and individual farmers
 - one share of the payment attached to meeting a results-based target
 - Number of breeding pairs/ha
 - Select target bird densities, one of: 25, 50, 75 or 100 breeding birds (from a list of 22 species)
 - target had to be met by the end of 6 year agreement
 - If targets achieved full payment made “regardless of whether management prescriptions were followed”
 - IF target NOT made, but management prescriptions followed 85% of payment was made
 - After 2003 became mandatory to follow management prescriptions
 - nature of the payment changed after 2003
 - Therefore, the 15% was a “bonus” payment
 - Payment varied: bird scarcity, uptake and number of clutches found on the cooperative’s land
 - (Abolished in 2004)

Payment by Results- The Netherlands

https://ec.europa.eu/environment/nature/rbaps/fiche/search/country_NL_en.htm (updated August 2019)

- Species-rich grassland and arable botanical management agreements (2000 – 2006) – available to all farmers
- Limited to designated areas
- management requirements in the grassland and arable scheme were mandatory
- If targets not met: 85% of payment received
- if target results achieved: 15% 'bonus' payment made
- Target: manage 10, 15 or 20 different grassland species per 25m² depending on the agreement.
- Management prescriptions included: limited fertiliser, and/or pesticide levels, and/or mowing and grazing to between restricted dates
- (High administrative burden with lots of inspections needed to verify results)

Payment by Results (& adaptive management)

- **focused on providing training and guidance for farmers**
 - Empower farmers to
 - create their own management plan for their land
 - feel more knowledgeable about what they want to achieve,
 - and why.
 - participants become
 - more engaged in the wildlife they want to see on their land
 - think more creatively about how to achieve these results.

Compare and contrast E-G:
payment for ecosystem services (PES)

Natural Capital Thinking & Ecosystem Services (PES)

- **Results-based schemes work best where**
 - outputs are
 - observable
 - reliably measurable at the farm level
 - under the farmer's control, and where
 - environmental management options are effective
- **For example**
 - reducing GHG emissions from farms
 - enhancing soil organic matter
 - recording and managing nutrient balances
 - **All are:** measurable, under the farmer's control, & we know how to do them

Mineral accounting system (MINAS): nutrient balancing in The Netherlands

- Introduced in The Netherlands in 1998 to 2006
- To comply with EU Nitrates Directive
 - MINAS farm based
 - recorded nutrients
 - input and output
 - surpluses have to be lower than “loss standards”
 - Which are based on the required water purity
 - replaced with fertilizer application standards
- **“Dutch farmers preferred mineral accounting in stead of fertilizer application standards”** (Aarts, undated, p 186)

Consultation exercise 4: preferences “recording and balancing nutrient”

- Can I ask you to raise a hand if you support payments to those farmers who record and balance nutrients,
- and
- those now those who do not support payments linked to the recording and balancing of nutrients.
- **Result of the vote:**
 - **For payments linked to recording and balancing nutrients**
 - **Against payments NOT linked to recording and balancing nutrients**

Spare topics and questions

Consultation exercise A.1: preferences “(high) level of organic matter in soil”

- Can I ask you to raise a hand if you support AE payments for increasing organic matter status in soils,
- and
- those who do not support AE payments being linked to raising the level of organic matter in the soil.
- **Result of the vote:**
 - For **payments ARE linked to increasing organic matter in the soil**
 - Against **payments NOT linked to raising organic matter in the soil**

Consultation exercise A.2: preferences “reducing farm produced greenhouse gases”

- Can I ask you to raise a hand if you support agri-environment payments for achieving greenhouse gas reduction from farms,
- and
- those who do not support agri-environment payments being linked to greenhouse gas reduction targets.
- **Result of the vote:**
 - **For payments linked to greenhouse gas reduction targets**
 - **Against payments linked to greenhouse gas reduction targets**

Another example: NCA and innovative carbon sequestration funding opportunities

- opens opportunities for innovative “green” markets
 - carbon sequestration
 - In UK, through the Woodland Code & Peatland Code
 - Possibilities to allow farming sector to join carbon trading markets established under Kyoto Protocol:
 - Clean Development Mechanism
 - Joint Implementation

Consultation exercise A.3: preferences “innovative green markets”

- Can I ask you to raise their hand if you support the introduction of the innovative green markets, payment for carbon sequestration,
- and
- those who do not support payments being linked to innovative green markets, such as carbon sequestration.
- **Result of the vote:**
 - For innovative green markets – payments for carbon sequestration
 - Against innovative green markets – payments for carbon sequestration