

WEBSITE NOTE 26th January 2023

Please check the [What's New](#) page of this website regularly for the very latest news, updates and information. Why not set What's New as a home page, so that it is the first page automatically displayed when the web browser is opened?

DEFRA ANNOUNCES ENVIRONMENTAL LAND MANAGEMENT PROSPECTUS

NEW SFI STANDARDS ENHANCED COUNTRYSIDE STEWARDSHIP HLS LANDSCAPE RECOVERY

NB – The CAAV's annual English Schemes Webinar is fixed for 2pm on 27th February with speakers now being arranged to follow this announcement. Booking should soon be available.

Overview

DEFRA has [today](#) unveiled a substantial part of its developing suite of Environmental Land Management schemes for England, setting out what will be offered for 2023 and 2024 as increasing sums of money are released from Basic Payment. This follows the initial steps for the Sustainable Farming Incentive (SFI) and Landscape Recovery in 2022 and December's announcement that Countryside Stewardship is to be developed to meet the objectives that had been intended for the Local Nature Recovery Scheme. DEFRA seeks a large take up that achieves significant change to make progress on its demanding objectives – to date, it sees schemes as either having had a large take up with little resulting change or some greater change but only with a small take up.

Today's [announcement with its consolidated 101-page prospectus document](#) is intended to give a clear enough outline for farmers to plan with the options and actual or projected payment rates. However, much practical operational detail is to be worked on in the coming weeks.

This note is very much a first review of this comprehensive development in the new policies with a need for closer and further consideration as we come to discuss it.

These schemes offer options which, whether viewed singly or in all their possible combinations, will be offered for farmers to consider. They should neither automatically take them or automatically reject them but see how they (and the costs and changes they might require) fit with the farm business in its circumstances and their personal objectives as input and produce markets change, Basic Payment is de-linked and phased out and their interaction with other private markets. DEFRA is looking for these schemes to attract farmers and

landowners to help deliver progress on its large and demanding goals including net zero emissions, biodiversity and water quality.

These proposals appear to offer much flexibility in how options and schemes may be combined, perhaps making their combination more than the sum of its parts. They might offer profit, assist with resilience (as in the face of climate change), help meet the demands of suppliers or help make changes already intended or needed ahead of rising regulatory requirements. Equally, they will not necessarily suit everybody. These are personal and business choices which might often be better made with the advice of CAAV members.

In summary:

- six new sets of actions will be available under SFI in 2023 in addition to the soils and moorlands standards offered in 2022 (initially three had been expected). No longer set out in levels, these include and develop a number of items that have previously been within Countryside Stewardship. Further standards will follow.
- the next steps are announced for Countryside Stewardship as it now develops into its new enhanced role over 2023 and 2024, offering payments for more targeted actions and substantial land use changes relating to specific locations, features and habitats.
- for immediate work:
 - o Higher Tier applications open in February
 - o Mid Tier and Wildlife Offers will now open in March
 - o capital works will be allowed three years
 - o replacing the revenue claim with an annual declaration.
- Countryside Stewardship Plus is to offer payments for farmers tackling carbon and biodiversity with their neighbours.
- the next round of Landscape Recovery is to be offered for bespoke longer-term, larger scale projects intended to improve the natural environment.

In keeping with the Agricultural Transition Plan's productivity and environmental improvement goals and the government's larger objectives with the statutory environmental targets, the declared objectives are to achieve increasingly effective take up to support these outcomes:

- food production
- farming productivity
- wildlife-rich habitat and species abundance
- water quality
- flooding and drought resilience
- tree and woodland cover and management
- climate change mitigation and adaptation

It is intended that applicants be able to take up options under both SFI and the developing Countryside Stewardship, probably in 2024 with an integrated process of on-line applications. The constraint will be the usual ones of not paying for:

CAAV WEBSITE NOTE

26th January 2023

DEFRA Announces Environmental Land Management Prospectus: New SFI Standards, Enhanced Countryside Stewardship, HLS and Landscape Recovery

- the same action twice on the same parcel of land
- actions that are incompatible with each other.

Both points may be less challenging with the ability pick from the range of options rather than only being able to choose pre-defined packages.

These schemes will then steadily evolve with experience as DEFRA discovers what attracts farmers to enter them and then to develop more interest in going further in ways that help achieve the objectives, including progress towards the statutory environmental targets for biodiversity, water and air quality (see [webnote](#)) as well as net zero emissions. In this, DEFRA points to the way it has so far adapted its schemes, processes and payment rates in response to experience from pilots, previous versions and feedback with the aim of being simpler, clearer and more workable.

This illustrates two key trends in DEFRA's post-Brexit policy development:

- a move from prescriptions monitored by layers of auditing to actions with outcomes in mind
- policy now evolving continuously under domestic control.

These changes of approach see a learning curve for DEFRA and the RPA on the one hand and also farmers and advisers on the other, with a generation's experience of close scrutiny and disproportionate penalties under EU schemes. Penalties have been removed from schemes operating under English rules and the new approach is unfolding with announcements such as that today.

There are still areas of current work on which announcements should come soon, including some final points about capital payments under Countryside Stewardship.

DEFRA is still recognising the existing mixed economy with many forms of advice with expert advice in the market place, support form NGOs and some specific advice from DEFRA.

DEFRA is soon to publish the next Environment Improvement Plan (EIP) that will replace the 25 Year Environment Plan of 2018 and, it appears, be accompanied by "strategic specifications". The Land Use Framework heralded in the 2022 Food Strategy White Paper is to come later this year.

New SFI Standards for 2023

No changes are to be made at this stage to the 2022 standards for soils and moorland ahead of DEFRA reviewing how the enlarged package of this announcement works in practice.

Six additional standards are to be added to SFI for 2023 alongside the two soils standards and the moorland standard and to be open to existing SFI agreement holders and well as new applicants. The intention is that these be available from the summer. They appear no longer to

be structured by levels but rather each offers a range of actions, so giving more flexibility at this stage than the previous SFI packages.

The announced offers are:

- **hedgerow management**, understood to cover any hedge up to 10m wide (rather than less than 5m wide) and to include Devon and Cornish banks where there is woody growth on top):
 - o assess and record the condition of hedgerows - £3/100m, one side
 - o manage them with a range of differing heights and widths (previous BE3 varied) - £10/100m, one side
 - o maintain or establish at least one hedgerow tree per 100m - £10/100m, both sides
- **integrated pest management:**
 - o use a BASIS qualified adviser (with a BASIS certificate for relevant crop) to carry out an assessment and produce an integrated pest management plan - £989 pa
 - o establishing and maintaining flower-rich grass margins, blocks, or in-field strips (AB8 variation) - £673/ha
 - o establishing companion crops - £55/ha
 - o not using insecticides - £45/ha
- **nutrient management:**
 - o use a FACTS qualified adviser to make an assessment and produce a report of their management of nutrients - £589 pa
 - o establish and maintain of legumes in crop and grassland management (GS4 variation) - £102/ha
 - o establish and maintain legume fallow (AB15 variation) - £593/ha

with these further standards brought forward from 2024 and principally aimed at biodiversity and water quality and distinct from the soils standards:

- **low input grassland:**
 - o manage grassland outside SDAs with very low nutrient inputs (GS2 variation) – potentially £151/ha
 - o manage SDA grassland with very low nutrient inputs (GS5 variation) – potentially £98/ha
- **improved grassland:**
 - o taking grassland corners and blocks out of management (GS1 variation) - £333/ha
 - o maintain grassland for winter bird food (GS3 variation) - £474/ha
 - o establishing and maintaining 4m–12m buffer strips (SW2 variation) - £235/ha
- **arable and horticultural land:**
 - o establishing and maintaining areas of pollen and nectar-rich flower mix (AB1 variation) - £614/ha
 - o establishing and maintaining blocks of winter bird food (AB9 variation) - £732/ha

CAAV WEBSITE NOTE

26th January 2023

DEFRA Announces Environmental Land Management Prospectus: New SFI Standards, Enhanced Countryside Stewardship, HLS and Landscape Recovery

- establishing and maintaining grassy field corners and blocks - £590/ha
- establishing and maintaining 4m–12m buffer strips (SW1 variation) - £451/ha

Further detail is provided in the prospectus document. Integrated pest management and nutrient management are understood at this stage not to be available in the moorlands.

The full SFI offer with further standards is intended to be in place for 2025.

DEFRA has advised that it will keep all elements of scheme design and delivery under review, including the newly announced management payments (£20/ha for up to 50 ha) as it learns how they work in combining value for money with achieving the intended outcomes. More may be said shortly on the management payment and the options to which it relates.

Countryside Stewardship

Some 30 further options are being added to the existing 250 or more for the enhanced Countryside Stewardship by the end of 2024. The prospectus document sets out a schedule of the intended options and actual or indicative payment rates. Taking the place originally intended for Local Nature Recovery, it is likely to include more emphasis on locally driven options. This year, some items will be in both SFI and Countryside Stewardship.

For agreements starting on 1st January 2024:

- applications for Countryside Stewardship Higher-Tier will open in February.
- applications for Mid-Tier and Wildlife Offer agreements are to follow, opening in March.

Particular changes covered by the announcement include:

- moving some Higher Tier options into Mid Tier to encourage a greater take-up of biodiversity options
- increasing the options available in the Wildlife Offers and Wild Pollinator and Farm Wildlife Packages to supporting biodiversity targets
- giving farmers and land managers three years to complete capital works and submit claims
 - this is to apply automatically for any new applications received after 1st January 2023
 - anyone with an existing agreement will be able to request an extension
- introducing an annual declaration for all agreements to replace the current revenue claim process.

The scheme is then to be amended to offer greater flexibility over when applications can be made and how agreements are to be managed.

Tenant farmers are to have more freedom to enter some options, following the approach taken for SFI with its shorter period for agreement.

CAAV WEBSITE NOTE

26th January 2023

DEFRA Announces Environmental Land Management Prospectus: New SFI Standards, Enhanced Countryside Stewardship, HLS and Landscape Recovery

Some 100 or so options are to be available under the various schemes to upland farmers for actions on moorland, grassland and upland peat.

There is to be increased access to Higher Tier options and agreements.

Countryside Stewardship will absorb the offer made by EWCO when that scheme concludes.

In addition, “**Countryside Stewardship Plus**” is to pay farmers for taking coordinated action with neighbours on carbon and biodiversity with measures including:

- including managing floodplain meadows to reduce flood risk and improve biodiversity
- restoring and maintaining peatland for carbon capture and storage
- enhancing and managing woodland to mitigate against drought and enhance its resilience to climate change.

No guidance is yet available on the rates for such collaboration.

HLS

While no payment rates have been changed for HLS, agreement holders will from this year be able to enter a Countryside Stewardship agreement as well with its range of options and payments.

DEFRA also hopes that an HLS agreement holder will be able to take up SFI options that are not covered by their existing agreement or incompatible with it.

Landscape Recovery

After the first round when 22 projects (rather than the expected 15) were accepted in September, DEFRA has confirmed it will open applications for the second round of the Landscape Recovery scheme in the spring, looking this time to accept 25 projects. A further round would be held in 2024.

This remains the vehicles for large-scale nature recovery projects, with this round focusing on achieving net zero emissions, management of protected sites and creating habitats. Projects could include creating and enhancing woodlands, peatland, nature reserves and protected sites such as ancient woodlands, wetlands and salt marshes.

The bespoke structure for Landscape Recovery is particularly intended to encourage willing people to come forward with their best offers for DEFRA to seek out achievement of its objectives and allow innovation in this.

The Regulatory Baseline

With cross compliance ending with delinking, the prospectus is also a reminder that the regulatory baseline will be there, setting requirements for all farmers and land management

DEFRA Announces Environmental Land Management Prospectus: New SFI Standards, Enhanced Countryside Stewardship, HLS and Landscape Recovery

whether they are in an agreement or not. That baseline will continue to evolve and so is likely to become more demanding with payments under schemes moving to focus on achieving more demanding outcomes.

Some Early Discussion

Much will become more clear as the detail is explored and tested and operational guidance is crystallised.

As discussed in the opening Overview, there will be merit in not just looking at options in competition with each other but as options that can be combined, sometimes on the same parcel, mixing and matching between SFI and Countryside Stewardship, potentially stacking some. This enables farmers to choose the mix that they judge best suits each. These offers should, as always, be seen as options, not salvation – no one has to take them.

The options publicised today also provide a context for viewing what might be offered in the potentially emerging private markets, whether for carbon, biodiversity net gain, nutrient neutrality or others seeking land use change. Again, we wait to see what might or might not be ruled out by additionality or what could be combined by blending or stacking (a DEFRA paper on staking and blending for its schemes is expected this Spring).

Whatever the view or the outcome, this announcement now gives better basis for informed planning of farming, land management and family decisions.

< > < > < >