

## **The emerging agricultural policy frameworks in the four UK administrations**

### **A briefing for the UK Land Use Policy Group**

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#### **Introduction**

This briefing provides an overview of the current state of play concerning the emerging agricultural policy frameworks in the four administrations, England, Northern Ireland, Scotland and Wales, with a focus on their environmental components. It updates a previous document prepared in November 2018 for the LUPG<sup>1</sup> and was drafted prior to the December 2019 general election. It is based on the latest information in the public domain.

The text sets out an overview of the policy processes currently underway, the timetable for the introduction of the new frameworks and a brief summary of some of the key similarities and differences between the approaches taken. This is followed by a table which summarises the content of the latest initiatives and proposals in the four administrations, against a number of headings to ease comparison of the different approaches being taken.

#### **Policy background**

During 2018, each of the four UK countries started the process of consulting on the structure and content of their future agricultural policies and the process of transition away from the EU's Common Agricultural Policy. Since then, progress on developing the detail of the future policy and the schemes to be available to land managers has been ongoing, building on the feedback from these consultations and externally commissioned research, but relatively few substantive strategic documents or details of what is proposed have been published (with the exception of the recent [consultation](#) on the future Farm Sustainability Scheme in Wales). In England, the latest public announcement about its plans for the new agricultural framework is contained in an information leaflet produced in August 2019, entitled '[Future farming: changes to farming in England](#)', the contents of which are based on the policy statement from September 2018<sup>2</sup>.

In Scotland six principles were set out for future policy development for Farming and Food Production, as agreed during a Parliamentary debate in January 2019 (sustainability, simplicity, profitability, innovation, inclusion and productivity). Further analysis and research is being undertaken. Various trials of innovative elements that might be part of a future environmental scheme are underway in

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<sup>1</sup> <https://ieep.eu/publications/emerging-agricultural-policy-frameworks-in-the-uk>

<sup>2</sup> See Defra's policy statement '[Health and Harmony: the future for food, farming and the environment in a Green Brexit, updated 14 September 2018](#)'

England and an outcome-focussed pilot led by Scottish Natural Heritage (SNH) is under development in Scotland.

The uncertainty about Brexit and Parliamentary preoccupation with this topic have made it difficult to progress legislative measures, including the UK Agriculture Bill, which was not adopted and has now fallen because of the general election, with implications for Wales and Northern Ireland as well as England. A new Agriculture Bill is expected to be introduced in early 2020 (see below). The continued absence of a government in Northern Ireland has limited the ability to develop new legislation and policy, although preparations continue to be made.

The question of funding for future agricultural policy has attracted considerable attention, both in relation to the Agriculture Bill and in other contexts. One significant development was the publication of the Bew report on the allocation of a segment of the actual and notional CAP funds since 2013 between the four administrations. This concerned the allocation of the convergence element of the Pillar I funding envelope allocated to the UK following the 2013 reform. The Government accepted several of the report's findings in September 2019, resulting in a change in the allocation of Treasury agriculture funding for the four administrations over the 2020-2022 period and an additional retrospective payment to Scottish farmers<sup>3</sup>.

Outside government, research and analysis relevant to the environmental dimension of agricultural policy has been taking place. One example is the work of the UK Committee on Climate Change on land use and de-carbonisation<sup>4</sup>. Stakeholders also have been active. The NFU has contributed work on how to meet its proposed 40% reduction in GHG emissions<sup>5</sup> and a coalition of environmental NGOs commissioned research on the potential costs of delivering an environmental land management programme in England, proposing a headline figure of £2.9 billion<sup>6</sup>.

At international level two reports in particular have attracted attention and fed into thinking and policy development within the UK. These are the [IPBES \(Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services\) report](#) and, more prominently still, the [IPPC report](#) on the importance of land use in reducing emissions and in preparing for the impacts of climate change as a necessary element in meeting climate targets. These reports have stimulated an enhanced political and technical debate about the role of land use, agriculture and forestry in addressing both the biodiversity and climate emergencies, with implications for policy developments moving forward.

In May 2019, the UK announced a new net-zero emissions target for 2050 for the UK, which was put into legislation in June 2019. The UK's Climate Change Committee (CCC) recommended that to meet this target, Scotland should set a net-zero GHG target for 2045 and Wales should set a target of a 95% reduction by 2050 relative to 1990, reflecting their respective circumstances. In Scotland, the target has been embedded in legislation under the 2019 [Climate Change \(Emissions Reduction Targets\) \(Scotland\) Act](#) and the Welsh Government has accepted the CCC target, but stated an ambition to go

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<sup>3</sup> These funds will be used to top up payments under Pillar 1. The approach is under debate but some organisations have highlighted the need to ensure that further allocations are invested in helping farmers and crofters respond to the challenges of the climate and nature emergencies - see the statement by Scottish Environment Link: [Agricultural Funding: Missed opportunities to support climate and nature friendly farming](#)

<sup>4</sup> In [November 2018](#), the CCC produced a report assessing the role of land use change in meeting climate change mitigation and adaptation objectives and in [May 2019](#), produced a series of scenarios on actions the agriculture and LULUCF sectors would need to take to reach net zero emissions by 2050. The policy responses required to achieve these ambitions are currently under discussion.

<sup>5</sup> <https://www.nfuonline.com/news/latest-news/achieving-net-zero-meeting-the-climate-change-challenge/>

<sup>6</sup> Rayment M (2019) [Paying for public goods from land management: How much will it cost and how might we pay? Final Report, A report for the RSPB, the National Trust and The Wildlife Trusts](#)

further and reach net-zero emissions by 2050. This has significant implications for future land use and policy in all parts of the UK.

### **The Agriculture Bill**

On 12 September 2018 the UK Government presented its draft Agriculture Bill<sup>7</sup> to Parliament, setting out the powers to be conferred on the Government to make delegated legislation. The main body of the Bill related to powers for England. Schedules 3 and 4 included powers taken on behalf of Welsh and Northern Ireland Ministers that are transitional and enable them to introduce new schemes while they are putting in place their own primary legislation. Scotland declined to avail itself of this option. In both cases the powers are slightly broader than those to be made available for England. For Wales these placed greater emphasis on supporting rural communities and businesses involved in supply chains. For Northern Ireland there is the ability to reintroduce and modify the articles of the Direct Payments regulation in relation to Areas of Natural Constraint due to the 'specific environment of Northern Ireland'<sup>8</sup>.

During 2019, the Agriculture Bill progressed slowly through Parliament, with many amendments proposed. A number of the key issues related to the fact that, although it set out the areas where public funding was justified, with an emphasis on environmental public goods, it did not specify detailed objectives or binding targets to be met, nor the proposed funding allocation required to deliver the desired outcomes. One other missing element was any powers to develop the environmental baseline of standards which farmers will be required to meet before receiving public money. Proposals on this topic for England were not included in the Environment Bill published in late 2019 (which subsequently fell due to the general election) and have not appeared separately either.

A number of the amendments put forward on these topics received broad consensus, in particular those tabled to:

- introduce a clause to ensure that there is some **budgetary certainty** for payments to farmers over a period of years via a multi-annual financial framework for the agriculture sector.
- introduce **baseline standards** (including environmental) to ensure that imports are not permitted that do not meet UK environmental (and other) standards.

In addition, there were efforts to introduce a **sustainable food dimension** into the Bill and separately a strong lobby argued for the Bill's public goods focus to be rebalanced with the introduction of references to the role of agriculture to produce food.

The Bill fell due to the UK general election, but it is expected to be re-introduced in 2020, although the timing of this is not yet clear. It is possible that adjustments will be made to the 2018 text, taking account of amendments put down in Parliament, particularly those on which there was broad consensus and cross-party support. However, as yet there has been no indication of any significant change in orientation being considered by Defra ministers.

In Scotland, there are no immediate plans for parallel legislative proposals. The Scottish Government is following the approach of maintaining current policy for the period to 2021, considering adjustments during a period of 'simplification' in 2021-2024 and then looking at a potentially different policy post 2024 if Scotland has to leave the EU and the CAP. A Bill to provide the powers to modify certain retained EU law relating to agriculture; to make financial changes (and to provide new powers for the collection of agricultural data) was introduced in November<sup>9</sup>. The first stage of the passage of

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<sup>7</sup> The text of the Agriculture Bill can be found here: <https://services.parliament.uk/bills/2017-19/agriculture.html>

<sup>8</sup> [Delegated Powers Memorandum for Defra to the Delegated Powers and Regulatory Reform Committee](#)

<sup>9</sup> The **Agriculture (Retained EU Law and Data) (Scotland) Bill** was published on the 6<sup>th</sup> November.

the Bill is currently due to be completed in March 2020<sup>10</sup>. It will provide powers to amend existing CAP schemes/legislation and introduce simplification measures ‘for one or more years beyond 2020’. In Wales, the intention is for the powers of the UK Agriculture Bill to be used on a time-limited basis and then be replaced by an Agriculture (Wales) Bill, on which a White Paper will be produced in due course. The Welsh Government have said that this ‘will be an ambitious Bill to form the legislative basis for Welsh agricultural and land policy for the long term’<sup>11</sup> and could include issues such as regulatory and tenancy reform.

### **Comparison of the different approaches to policy design**

Table 1 below sets out the proposals from each of the four UK countries, bearing in mind their different status in relation to consultation processes. It highlights the key areas of focus for the policy, an overview of the schemes or measures proposed, with further details provided on the environmental elements of the proposals and supporting measures, such as the provision of advice to farmers and land managers.

Some of the key points to highlight are as follows:

- Moving towards more sustainable agricultural systems which deliver environmental outcomes is a theme that is articulated in all four countries’ proposals to a greater or lesser extent. Greater attention is also starting to be paid to the role agriculture can play in reducing GHG emissions. In England the principle of ‘public money for public goods’ is core to the new Environmental Land Management (ELM) scheme proposed and in Wales, the concept of ‘sustainable land management’ (SLM) underpins the proposed Sustainable Farming scheme, with the Sustainable Farm Payment focused on delivering SLM outcomes which are not rewarded by the market. Both of these schemes are intended to replace both direct payments and the current agri-environment schemes. In Scotland, the motion approved by Parliament in January endorsed the principle that a future funding system should promote environmental stewardship.
- In Wales, Scotland and Northern Ireland, there is a clear focus also on prioritising keeping farmers on the land, providing a stable level of income and minimising any structural change (in Scotland there is a particular emphasis on keeping farming going in upland areas), on ensuring that the farming sector is sufficiently economically resilient to enable it to deal with climatic as well as market shocks, alongside measures to promote environmental management.
- All four countries stress their commitment to some form of environmental baseline, although the details are not yet set out. In Wales it is proposed that there will be one regulatory framework applying to all land managers, whether or not they receive public money, although current cross-compliance requirements will be retained in the short term. A more streamlined system has also been suggested in England, although the Government’s response to the Farm Inspections and Regulation Review is still awaited.
- All four countries highlight the importance of advice, with Wales proposing to strengthen the current advice offered to land managers and committed to consulting further on this. In England there is an ongoing debate about whether or not advice should be publicly funded.
- Forestry schemes and initiatives are being developed or initiated in different parts of the UK. For example, the Forestry Commission recently launched a new Urban Tree Challenge Fund that will run for two years and is preparing to launch a new Woodland Carbon Guarantee. This will be an auction scheme that offers 30-35-year payments for carbon sequestration in new

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at <https://www.parliament.scot/parliamentarybusiness/Bills/113288.aspx>

<sup>10</sup> The latest information on the timetable for the passage of the Bill can be found here: <https://www.parliament.scot/parliamentarybusiness/Bills/576.aspx>

<sup>11</sup> As stated in the Consultation ‘Sustainable Farming and our Land’:

<https://gov.wales/sites/default/files/consultations/2019-07/brexit-consultation-document.pdf>

woodland. A new National Forest for Wales is in a 'Discovery Phase' that runs until the end of March 2020. It is expected to lead to publication of a framework for helping to create various forms of new woodland, related to ambitions for a more circular and lower carbon economy in Wales.

**Table 1: Comparison of the emerging agricultural policy frameworks in the four UK countries**

	England	Wales	Northern Ireland	Scotland
<b>Current stage in the policy process</b>	<p><a href="#">Policy paper</a> published 12 Sept 2018, based on the responses to the 2018 '<a href="#">Health and Harmony</a>' consultation.</p> <p><a href="#">Future farming: changes to farming in England</a> – information note, published August 2019</p> <p>New Environmental Land Management (ELM) scheme under development - possible ELMs consultation in Spring 2020 on a final draft design. National Pilot(s) to start in late 2021 and full ELMS launch planned for 2024.</p> <p>A series of local 'tests and trials' underway (since September 2019) to '<i>co-design and test the operability of elements of the new scheme and to understand if and how new elements of the ELM scheme work in a real-life environment</i>' (39 proposals approved to date)</p> <p>A separate National Food Strategy is being developed - report due in summer 2020, aiming at a White Paper six months after publication.</p> <p>A separate Tree Strategy is also being developed – due for publication in spring/summer 2020.</p>	<p>The <a href="#">Sustainable Farming and our Land consultation</a>, which set out proposals for the new Sustainable Farming Scheme for Wales, closed on 30 October 2019</p> <p>This built on the responses to the 2018 '<a href="#">Brexit and our Land</a>' consultation</p> <p>White Paper to set out the scope and content of the Agriculture (Wales) Bill planned</p>	<p>In 2018, a consultation was held on the '<a href="#">NI Future Agricultural Policy Framework</a>' consultation</p> <p>A <a href="#">summary of responses</a> was published in June 2019..</p> <p>An Agri Environment Policy Development team was established in 2018 to develop future policy. Some initial stakeholder engagement on the framework has been taken forwarded in 2019. Wider external and internal stakeholder engagement is planned for 2020.</p>	<p>An initial consultation took place in summer 2018: <a href="#">Stability and Simplicity</a>' consultation</p> <p>Scottish Parliament agreed in January 2019 (S5M-15279) '<i>future policy for Scotland's rural economy should be founded on key principles, including sustainability, simplicity, innovation, inclusion, productivity and profitability</i></p> <p>The <a href="#">Farming and Food Production Future Policy Group</a> was established in summer 2019 comprising external stakeholders to consider policy options post 2024. One area of focus is considering how to use Scotland's natural assets to produce food and mitigate the impact of climate change and how best to support such activity if Scotland is outside the EU.</p>

<b>Key themes</b>	<ul style="list-style-type: none"> <li>• Public money for public goods</li> <li>• Animal welfare</li> <li>• Increase productivity of the farming sector</li> <li>• Improve environmental sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Future support to be designed around the principle of sustainability</li> <li>• Key objective: to achieve sustainable land management (SLM), defined as ‘reflecting the use of land for production, while ensuring long-term productive potential and maintenance of key environmental services’.</li> </ul>	<ul style="list-style-type: none"> <li>• Productivity</li> <li>• Economic resilience</li> <li>• An environmentally sustainable agriculture sector</li> <li>• Supply chains</li> </ul>	<ul style="list-style-type: none"> <li>• Natural Capital</li> <li>• Production efficiency</li> <li>• Strong climate emphasis</li> </ul>
<b>Proposed key schemes / measures</b>  <b>Pilots</b>	<ul style="list-style-type: none"> <li>• Environmental Land Management (ELM) scheme, which “could comprise multi-annual payments, capital grants, and/or payments for collaboration and for local engagement” being developed by Defra with assistance from the statutory agencies and stakeholders.</li> <li>• Grants for farmers to improve animal welfare beyond the regulatory baseline – could cover investment in equipment, infrastructure, technology or training and innovation.</li> <li>• Time-limited (during transition period) investments to support increased productivity (e.g. grants for equipment, technology and infrastructure) to help improve productivity, manage the environment sustainably and provide public goods</li> <li>• Tree Health grants to prevent and respond to pest and disease outbreaks.</li> </ul>	<p>A single Sustainable Farming Scheme is proposed to allow economic, environmental and social opportunities and needs to be considered in the round and focused on achieving SLM outcomes.</p> <p>It will consist of two complementary types of farm support:</p> <ul style="list-style-type: none"> <li>• The Sustainable Farm Payment</li> <li>• Business Support</li> </ul>	<p>A range of schemes/measures are proposed (2018 consultation), the main elements of which include:</p> <ul style="list-style-type: none"> <li>• Basic Farm Resilience Support</li> <li>• Income Protection or Anti-Cyclical Measures</li> <li>• Environmental outcome-based schemes</li> <li>• Investment and Restructuring aid</li> <li>• Training credit scheme to encourage CPD</li> </ul>	<p>A range of schemes/measures are proposed (2018 consultation), the main elements of which include:</p> <p>Income support schemes like LFASS and the Scottish Upland Sheep Support Scheme.</p> <p>Additional support to Natural Capital, to be delivered through a menu of targeted options</p> <p>Production Efficiency scheme</p> <p>Farm investment support</p> <p>SNH is exploring an outcomes-based approach in Scotland (POBAS - Piloting an Outcomes Based Approach in Scotland). Phase 1 runs to March 2020 and includes engagement with farmers in four pilot areas</p>

<p><b>Details of environmental scheme(s) proposed</b></p>	<p><b>Environmental Land Management (ELM) scheme:</b></p> <p>Defra has stated that ‘The new scheme is not a subsidy. Those who are awarded ELM agreements will be paid public money in return for providing environmental benefits’. Benefits to be funded are:</p> <ul style="list-style-type: none"> <li>• Clean air</li> <li>• Reductions in environmental hazards and pollution</li> <li>• Thriving plants and wildlife</li> <li>• Clean water</li> <li>• Mitigation and adaptation measures to minimise the impact of climate change</li> <li>• Enhanced landscapes</li> </ul> <p>A three-tier structure has been indicated as a possible model to stakeholders, but no decision yet made.</p> <p>External studies have been commissioned to look at the potential for different payments methods for ELMS.</p> <p>Phase 1 of ‘Tests and Trials’ projects started in September 2019, with 39 proposals approved and 34 contracted.</p> <p>The policy paper states that England takes a long-term approach to productivity recognising that “production today should not come at the expense of tomorrow’s productivity”, hence a focus on</p>	<p><b>Farm Sustainability Scheme (SFS)</b></p> <p>Entry to the scheme will be through a Farm Sustainability Review. The product of the Review will be a Farm Sustainability Plan which will indicate which types of support are most appropriate.</p> <p>Payments will be based around income foregone but must satisfy rules for additionality, whether from PES (payments for ecosystem services) or WCC (Woodland Carbon Code).</p> <p><b>The Sustainable Farm Payment</b> – will replace BPS and Glastir. It will focus on delivering SLM outcomes that are not rewarded by the markets.</p> <p>There are four key features of the proposed payment:</p> <ul style="list-style-type: none"> <li>• it provides a meaningful and stable income stream;</li> <li>• it rewards outcomes in a fair way;</li> <li>• it pays for both new and existing sustainable practices; and</li> <li>• it can be flexibly applied to every type of farm.</li> </ul> <p>Detailed design is being informed by <a href="#">evidence reviews</a> which have explored the evidence for interventions to achieve a range of outcomes.</p> <p><b>Business Support:</b> aims to provide a wider range of business support to</p>	<p>The proposed scheme/measures (in 2018 consultation) would combine a regulatory baseline and incentives, which would be outcome-based (where evidence allows it) and delivered, wherever possible, at the landscape level.</p> <p>This would require facilitation, advice, education/ professional development and investments in research (e.g. behavioural science, to develop a strong evidence base, to facilitate practical knowledge transfer).</p> <p>The proposal foresees a stronger role for the industry e.g. private funding and market-led initiatives to improve environmental performance on farms. Strong focus on the need for other objectives - i.e. productivity, resilience and supply chains - to contribute to the environment objective.</p> <p>No mention of forestry.</p> <p>Payment calculation - Income foregone and additional costs calculation may be insufficient to achieve desired uptake, therefore the need for an additional incentive element is anticipated (which could be targeted to specific areas, habitats, water catchments).</p>	<p>It is proposed that environmental outcomes would be delivered through a menu of targeted and locally tailored options based on natural capital considerations. The Scottish Government proposes a multi objective set of land use and management policies, so these options would include the promotion of other land uses beyond farming, such as forestry, peatland restoration, tourism or habitat preservation.</p> <p>The future policy should aim at the twin objectives of enhancing Natural Capital and improving Production Efficiency. Soil health is proposed as a central Natural Capital element to protect as “food security for future generations [is] underwritten by the capacity of soils to function.”</p>
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	<p>“safeguarding the assets that support domestic production”.</p> <p>First ELMS National Pilot modules expected to begin in late 2021</p>	<p>farmers than currently available, with a focus on:</p> <ul style="list-style-type: none"> <li>• Business capacity and skills to help farmers get the most from their business;</li> <li>• Capital investments to enhance productivity, help manage volatility, diversify or deliver environmental outcomes; and</li> <li>• Knowledge transfer and specialist skills to support farmers exploit new opportunities.</li> </ul>	<p>Emphasis on the need for productivity growth in NI is strong although the consultation specifies that these gains cannot be at the expense of environmental sustainability and that these twin objectives should be delivered synergistically.</p>	
<p><b>Cross-cutting comments on knowledge transfer, advice, skills development</b></p>	<p>Role of advice is seen as important, but it is unclear if this will be publicly funded or not.</p>	<p>Responding to a call for more ‘on the ground’ support, it is proposed that a ‘fuller’ service to farmers will be provided building on best practice from existing advisory services. A separate consultation will be carried out on this.</p> <p>The recent consultation stated that advice should be seen ‘as an investment in the capacity of farmers rather than a cost to the scheme’.</p>	<p>CPD, advice, facilitation and investment in research underpin the 4 areas on which the future NI agriculture policy would focus. It is a priority to develop a skilled farm workforce.</p> <p>Multi-actor approaches and collaboration in different areas is highlighted as important for environmental performance, productivity and supply chains.</p>	<p>Investment in knowledge transfer, advice and training are foreseen to develop digital skills, technical farming and land management skills, as well as careers in agriculture and related sectors.</p> <p>More collaborative ways for working to be promoted, including within the supply chain.</p>
<p><b>Regulatory Baseline</b></p>	<p>The Farm Inspections and Regulation Review (FIRR) was commissioned by Defra, led by Dame Glenys Stacey, to look at opportunities for improving regulation and enforcement pre- and post-EU Exit in England. This <a href="#">reported</a> at the end of 2018, but there has been no response from Government as yet.</p>	<p>A further consultation is expected on ‘a new, streamlined regulatory framework for agriculture in Wales’.</p> <p>Indications are that it should include clear minimum standards, smarter monitoring and proportionate enforcement.</p> <p>It is also proposed that it should apply to all farmers, whether or not they receive financial support from the Welsh Government – for equity reasons.</p>	<p>No information found</p>	<p>No information found</p>

<b>Financial aspects</b>	From 2018 policy statement: During the transition period (2021-2027), pilots and new schemes would be funded from the money made available through the gradual reduction of direct payments.	No decision has been taken on funding	No decision has been taken on funding	From 2018: During the transition period (2021-2024), the overall total received by individual farms would be capped to free up budget to trial new policies and schemes.
<b>Transition (proposals)</b>	<p>April 2019-Dec 2020 – Implementation period: no change in payments; CAP rules apply. Some simplifications could be introduced where feasible.</p> <p>Jan 2021-Dec 2027 - Agricultural Transition. Progressive reduction of DPs.</p> <p>2021 - 2024 National pilot for new ELMS.</p> <p>2022 – 2024 – Final CS agreements start</p> <p>2025: full implementation of the ELMS</p>	<p>April 2019 - Dec 2020: no change in payments; CAP rules apply.</p> <p>A multi-year transition period is proposed, but no fixed dates are yet proposed.</p> <p>Some options for how the transition to the new scheme might work were put forward in the recent ‘Sustainable Farming and our Land’ consultation.</p>	<p>April 2019 - Dec 2021 - Transitional Agricultural Support Regime:</p> <p>2019: no change in payments; CAP rules apply for 2019;</p> <p>Jan 2020 - Dec 2021: limited changes introduced in 2020 and 2021 scheme years, piloting of new approaches.</p> <p>Jan 2022 onwards: new arrangements of the Agricultural Policy Framework apply (a managed transition within this period is foreseen).</p>	<p>April 2019 - Dec 2020 - Implementation period: no change in payments; CAP rules apply.</p> <p>Jan 2021 - March 2024 – Transition period: simplifications and improvements to be introduced to CAP rules/system; piloting of new approaches.</p> <p>April 2024 onwards – start of the implementation of the new arrangements of the Scottish Agriculture Policy.</p>