

Environmental Land Management Scheme (ELM)

Farming for the Future: Beyond the CAP

As the Government continues to define what the future outside of the European Union will look like, the Department for Environment, Food and Rural Affairs (DEFRA) continues to present its vision beyond the Common Agricultural Policy (CAP). Since the 2018 Consultation on Health and Harmony, the Department's thinking has veered away from direct subsidy for agriculture, towards a model based on "paying public money for public goods". For REA members, this presents the opportunity for ensuring farmers and landowners are rewarded for land management related to bioenergy applications and good soil management practices.

The Government has now released a [Policy and Progress Update](#), accompanying [Consultation](#) and [policy discussion document](#) to set out the initial proposed design for the replacement of CAP – the Environmental Land Management Scheme (ELM). The design sees the Department move from one broad scheme, to offering one with three distinct tiers.

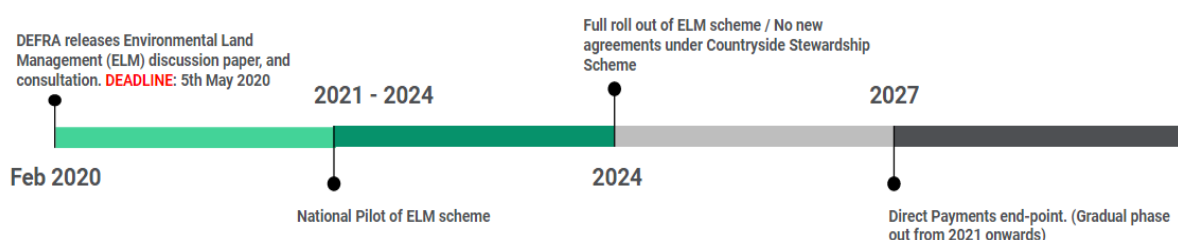
This consultation, however, should be seen as just an initial opportunity for engagement on ELM design, with further consultations on the detailed scheme design, as well as the regulatory framework expected. It is worth noting that the provision for ELM payments is being legislated for in the Agriculture Bill, which is currently going through Parliament.

Overview

Government proposes that ELM payments are split into three distinct tiers, with different actions and incentives for each allowing participants to be rewarded across the tiers. DEFRA argue this will give more flexibility for those who participate in the scheme. The tiers all have different functions:

- **Tier 1:** Will be targeted at the majority of farmers, with payments being given based on uptake of methods that promote environmentally sustainable farming and forestry practices.
- **Tier 2:** will support land managers in delivering locally targeted environmental outcomes, which focus on local priorities. This tier will be aimed at those with experience in undertaking environmental projects and may rely on collaboration between land managers.
- **Tier 3:** will be designed to enable delivery of 'landscape scale' land use change projects. Delivery of tier 3 funding is likely to be bespoke, based on specific tendered projects such as forest or woodland creation or peatland restoration
- **For further information on the tiers please see the table on page 4.**

Timeline



Note that during the period between the end of CAP payments and the start of ELM payments, Government intend to continue funding direct farm payments with the intention of them being reduced annually at a percentage (yet to be decided) with the end point of being 2027. It is intended that there will be a period between 2024 and 2027 where both direct payments and ELM will be available.

Opportunities for Bioenergy and Organic Resources

With Government using the UK's departure from the European Union as an opportunity to redesign domestic agricultural policies, the bioenergy and the organic resources sector have the chance to influence this thinking and ensure biomass, forestry, organic-based fertilisers and wider bioeconomy provisions have a strong place within ELM.

Within the documents, and accompanying Consultation, published by DEFRA, we have identified the following areas as potential opportunities:

- **Provisions for forest and woodland creation / restoration / improvement**
 - Tier 2, which is targeted at land owners with some experience in taking on environmental challenges, cites "tree, shrub and/or hedge planting and maintenance" as an appropriate project for funding, as well as "habitat creation/ restoration or management (which includes woodland).
 - This is further built on in tier 3, which is designed to be more specific and large scale, and therefore eligibility is decided on a case-by-case basis. Example projects include "forest and woodland creation / restoration / improvement.
 - We will encourage DEFRA to base this on the principle that land and forests can store carbon while yielding timber, fibre, and bioenergy.
- **Provisions for nutrient management planning, soil management and field cover**
 - Tier 1, which focuses on actions that are deliverable on most farms, cites amongst others, nutrient management (including manure management), soil management (including soil organic matter content) and field cover (such as cover crops and rotations). These actions have the potential to provide opportunities for anaerobic digestion (AD) of manures, growth of break and cover crops for on-farm AD and encourage sustainable applications of organic based soil improvers and fertilisers (e.g. composts and digestates) that can help improve soil health.
- **Themed collaborate R&D**
 - DEFRA intend on funding collaborative projects, which carry out R&D in high-priority strategic challenge areas. They have identified adaptation to climate change and clean growth as a key challenge.
 - Included in this, they have identified renewable materials for the bioeconomy (e.g. biomass crops or agroforestry), as a key R&D area.

THE ASSOCIATION FOR RENEWABLE ENERGY AND CLEAN TECHNOLOGY

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- **Further provisions on plant and tree health**

- As well as reviewing the existing tree health grants, DEFRA intends to expand and improve the grants provided to treat and/or fell diseased trees. Grants will also be made available to restock resilient woodland following a pest and disease outbreak.
- These tree health schemes will be delivered alongside ELM, and are expected to be up and running in 2024, with trial options for grant schemes launching alongside the ELM pilot in 2020 and 2021.

Next steps

At this point, we agree with the goals they are aiming to achieve, and will focus our attention on bringing points relevant to bioenergy and organic resources to the fore with civil servants and wider policymakers.

If you have any views relating to this consultation please send them to Sam Tickle, stickle@r-e-a.net.

Further consultations are expected, as well as opportunities for direct industry engagement, which we will continue to engage with and share with members.

February 2020

What the scheme will look like (as it stands)

It is envisaged that the ELM payments will be split into three distinct tiers, rather than designing one broad scheme.

	Purpose:	Key tier characteristics	What could this tier pay for?	Who is eligible and payment
Tier 1	To incentivise environmentally sustainable farming and forestry and help to deliver environmental benefits	<ul style="list-style-type: none"> Will be attractive to farmers across the country Will pay all farmers to adopt (or maintain) effective actions that address the environmental impacts of farming and forestry practices and enhance the environment Will focus on practices that are most effective when delivered at scale 	<ul style="list-style-type: none"> Nutrient management (including manure management) Pest management (such as Integrated Pest Management, biological control, and precision/spot spraying pesticide application) Livestock management Soil management (such as avoiding cultivating/trafficking on wet soils, soil organic matter content) Field margins (buffer strips) Field cover (such as cover crops, arable rotations) Water storage/efficient water use 	<p>All farmers</p> <p>Participants will be paid based on the actions they undertake, rather than the impact their action yields.</p>
Tier 2	To incentivise the management of land in a way that delivers locally targeted environmental outcomes	<ul style="list-style-type: none"> Will target agreed priority outcomes in the most strategic locations Will encourage and reward collaboration between farmers and/or land managers to ensure successful delivery of outcomes Actions may be more complex for some land managers to deliver 	<ul style="list-style-type: none"> Tree, shrub and/or hedge planting and maintenance Habitat creation/restoration/ management (including woodland, wetlands, freshwater, peatland, heathland, species-rich grassland, coastal habitat, urban green space) Instream/river and overland flow attenuation and diversion (natural flood management) Species management, for example, introduction, translocation and/or recovery and invasive species prevention/control Rights of way, navigation and recreation infrastructure Education infrastructure, events and services Geodiversity and heritage asset management 	<p>All land managers (but likely to be taken up by those with more interest/experience in taking on environmental challenges)</p> <p>Participants will be paid based on actions, offering top-up payments for delivery of additional results.</p>
Tier 3	To deliver land use change projects at a landscape scale to deliver environmental outcomes	<ul style="list-style-type: none"> Will focus on projects that can deliver over and above tiers 1 and 2 Will focus on delivering a diverse range of environmental outcomes that make substantial contributions to our environmental commitments such as nature recovery and net zero target Will involve collaboration at a local level and landscape scale Will ensure projects are implemented in the most strategic locations to provide best value for people and the environment 	<ul style="list-style-type: none"> Forest and woodland creation / restoration / improvement Peatland restoration Creation / restoration of coastal habitats such as wetlands and salt marsh 	<p>All land managers (but likely to be limited to land with the right natural capital assets and at the right spatial scale to deliver transformational land use change)</p> <p>Due to these projects being more complex, and eligibility being on a project-specific basis, payment will be bespoke.</p>

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