

ELMS – REA Webinar

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Government Policy

- 2011 White Paper: **The Natural Choice** (2011)
- 25 Year Environment Plan: **A Green Future** (2019)
- **Health and Harmony** (2018)
- **Environment Bill** (2019...)
- **Agriculture Bill** (2019...)
- **Enabling a Natural Capital Approach “ENCA”** (2020)



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Guidance

Enabling a Natural Capital Approach (ENCA)

Guidance for policy and decision makers to help them consider the value of a natural capital approach.

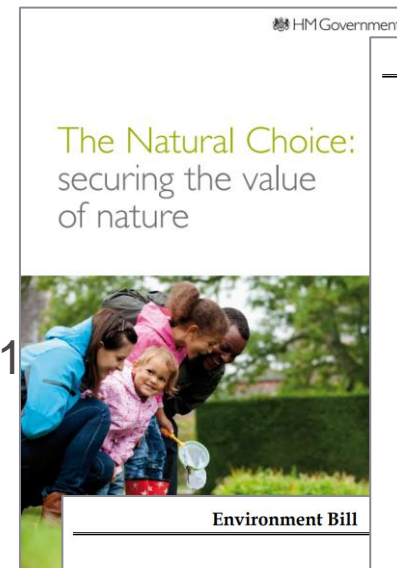
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- ENCA guidance
- ENCA assessment template
- ENCA services databook
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**Enabling a Natural Capital Approach:
Guidance**
January 2020



Environment Bill

CONTENTS

PART 1 ENVIRONMENTAL GOVERNANCE CHAPTER 1 IMPROVING THE NATURAL ENVIRONMENT

- Environmental targets*
- 1 Environmental targets
 - 2 Environmental targets: particulate matter
 - 3 Environmental targets: process
 - 4 Environmental targets: effect
 - 5 Environmental targets: reporting duties
 - 6 Environmental targets: review
- Environmental improvement plans*
- 7 Environmental improvement plans
 - 8 Annual reports on environmental improvement plans
 - 9 Reviewing and revising environmental improvement plans
 - 10 Reviewing and revising plans: interim targets

Agriculture Bill

[AS AMENDED IN PUBLIC BILL COMMITTEE]

CONTENTS

PART 1 NEW FINANCIAL ASSISTANCE POWERS

- 1 Secretary of State's powers to give financial assistance
- 2 Financial assistance: forms, conditions, delegation and publication of information
- 3 Financial assistance: checking, enforcing and monitoring


PART 2 FINANCIAL SUPPORT AFTER EXITING THE EU

CHAPTER 1 DIRECT PAYMENTS

- 4 Meaning of "basic payment scheme" and other expressions in Chapter 1
- 5 The agricultural transition period for England
- 6 Power to modify legislation governing the basic payment scheme
- 7 Power to reduce the direct payments ceilings for England in 2020 by up to 15%
- 8 Power to provide for the continuation of the basic payment scheme beyond 2020
- 9 Power to provide for phasing out direct payments and delinked payments
- 10 Termination of direct payments

CHAPTER 2 OTHER FINANCIAL SUPPORT: MODIFICATION OF LEGISLATION IN RELATION TO ENGLAND

- 11 General provision connected with payments to farmers and other beneficiaries
- 12 Aid for fruit and vegetable producer organisations
- 13 Support for rural development


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Health and Harmony: the future for food, farming and the environment in a Green Brexit

February 2018



Themes – Natural Capital Committee

1. Public Money For Public Goods

2. The polluter pays

3. Net environmental gain

**Natural
Capital
Committee**

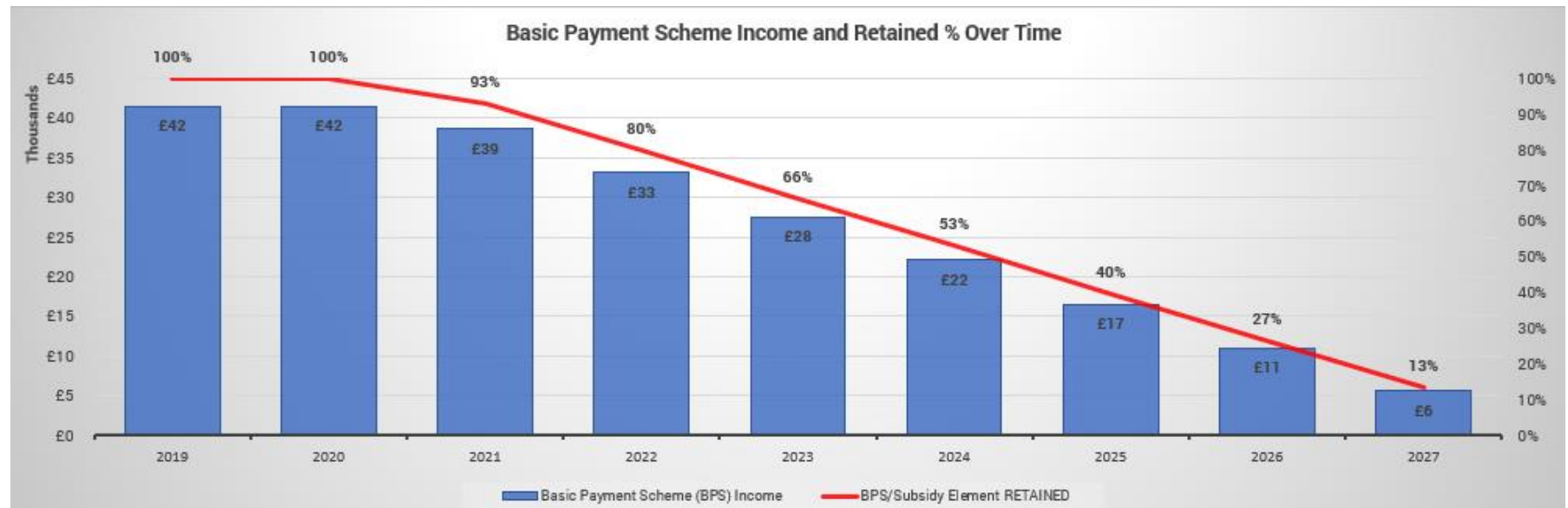
From CAP to public goods

- Agriculture Bill contains many provisions – on productivity, fairness in the supply chain, animal health and welfare, market standards etc.
- But one of the most important is how Government plan to spend money in the future: the move from direct payments to paying for public goods.



Outlook for the UK Agriculture

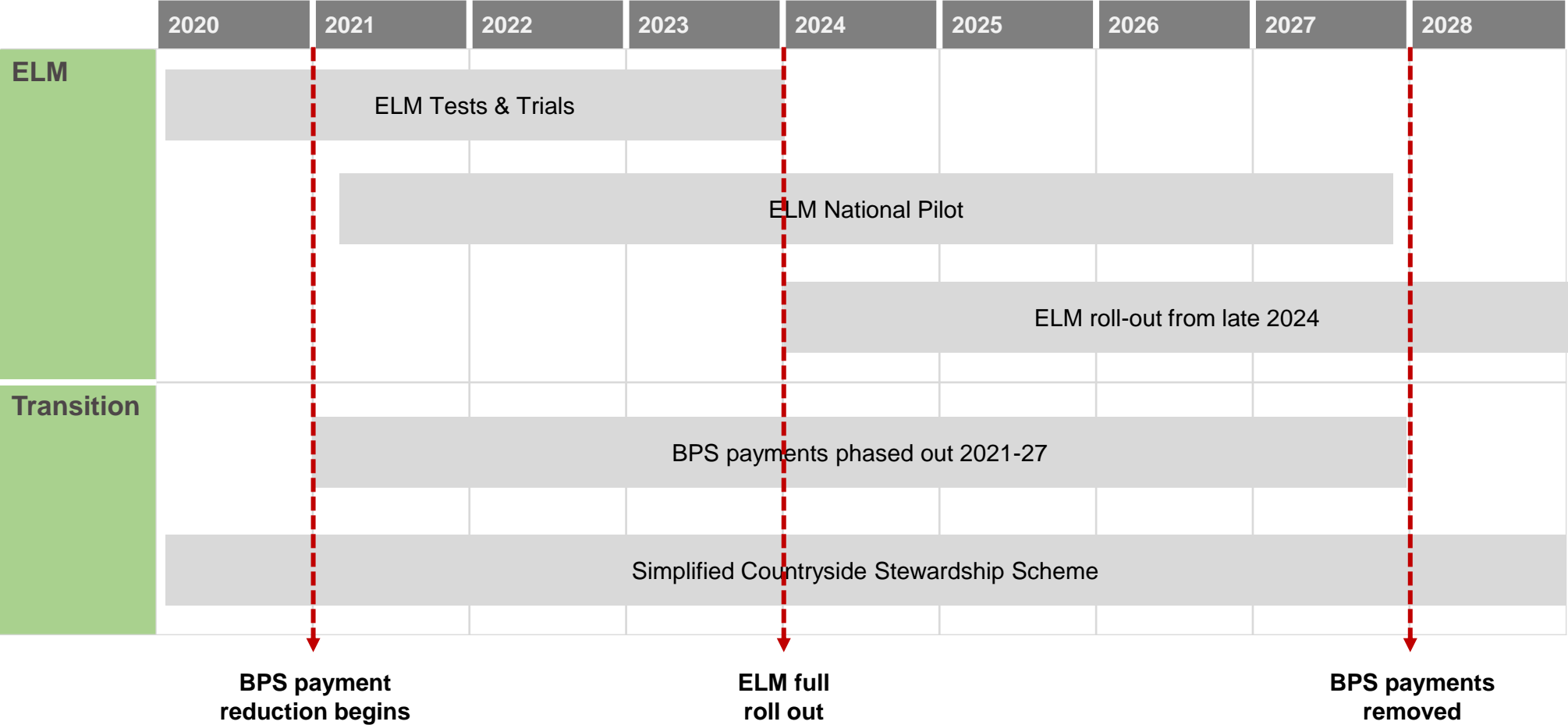
■ Subsidy outlook...



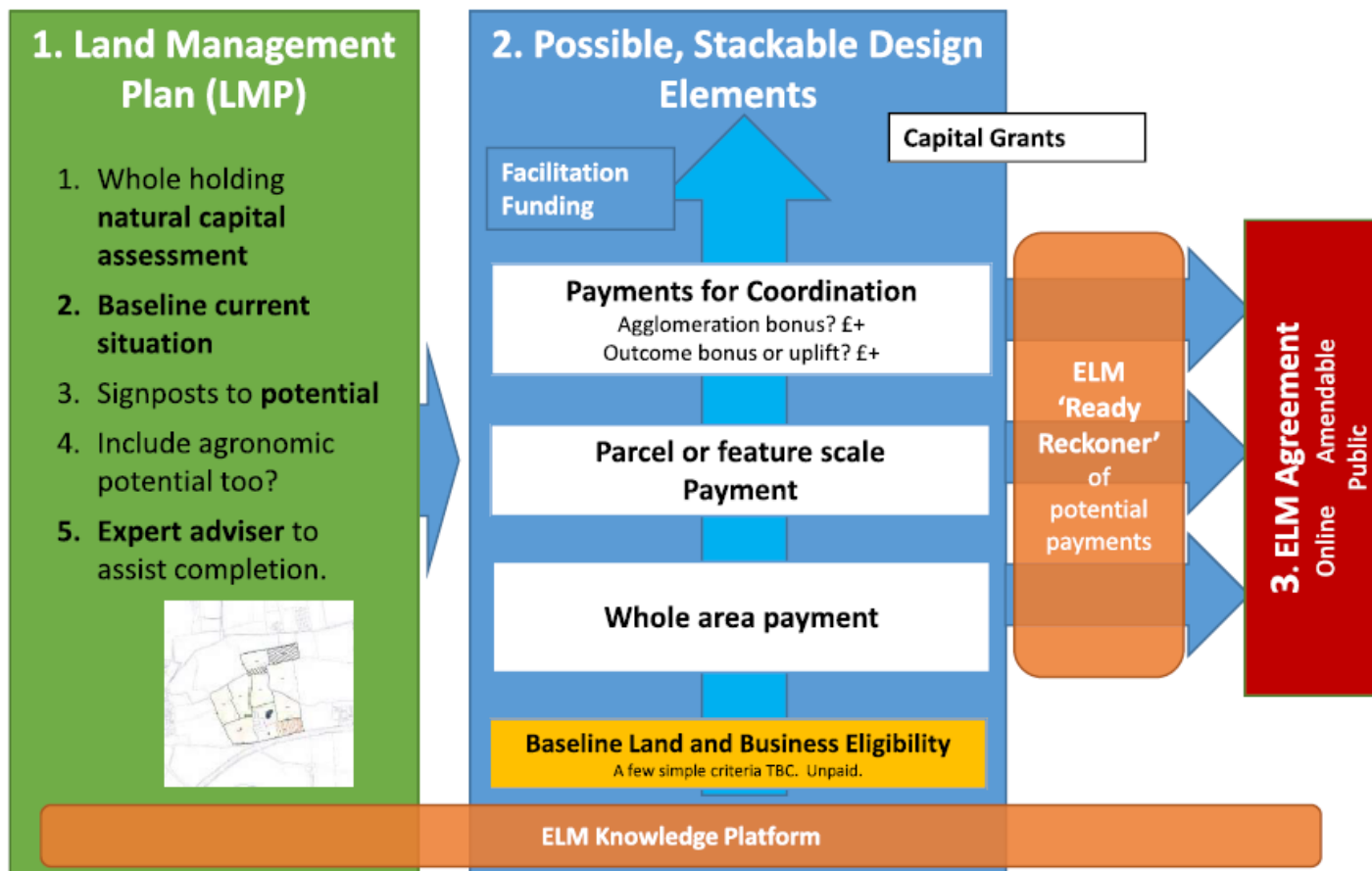
■ Role of Food Production...

*“The Agriculture and Fisheries Bills should put the **public money for public goods principle at the heart of spending decisions** and **clearly define public goods**, **noting that these [i.e. public goods] exclude food production**.”* (Natural Capital Committee, State of Natural Capital Annual Report 2020)

Proposed timeline



How might ELM work?



These slides represent current Defra thinking. Nothing is confirmed.

Key Issues

Themes

- Agricultural Bill
 - ✓ ELMS – payment for providing “public goods”
 - ✓ Regenerative Agriculture – rebuilding soils & soil health
- Environment Bill
 - ✓ Protecting Air & Water quality
 - ✓ Increasing Biodiversity & Offsetting
- Committee on Climate Change Paper Jan 2020
 - ✓ Land Use Policies for a Net Zero UK
 - ✓ Carbon sequestration

Challenges

- How will market mechanisms & Government policy incentivise businesses?
- How will they balance conflicting priorities?



Key Issues

Potential Impacts for UK Biogas/Biomass Agricultural Bill

- Simplification? - no need for 3 crop rule likely
- BPS goes – implications for rent, farm viability & structures
- ELMS – replace CSS – payments for better soil management?
- Trade Deals – more competition from Non EU imports for main commodities
- Greater ability to use Biotech outside Europe?



Key Issues

Potential Impacts for UK Biogas/Biomass

Environmental Bill

- More environmental protection
 - ✓ Implications for digestate storage & spreading – covers on all la
 - ✓ SSAFO regs – tighter compliance over silage storage & infield clamps?
 - ✓ Ammonia and phosphate controls/management tightened up?
 - ✓ Greater restrictions on pesticides
- Drive to reduce carbon footprint of Agriculture
 - ✓ Inorganic fertiliser use
 - ✓ Fuel for farm machinery
 - ✓ Minimum till & straw incorporation to reduce carbon release from soils
 - ✓ Fewer grazing livestock



Key Issues

Potential Impacts for UK Biogas/Biomass

Potential Outcomes

■ Greater financial risk in farming

- ✓ Faster restructuring to larger, more professional businesses
- ✓ Fewer active managers in the sector
- ✓ Highly geared, low margin operations = greater risk in supply chain
- ✓ Desire to enter into longer term, less volatile, contracts?

■ Land Rent values

- ✓ Unsupported by BPS = lower rents?
- ✓ Greater emphasis on land productivity – soil health, yield potential, competition from other crops etc
- ✓ More reward from ELM options in certain areas?

■ Higher Environmental Legislation

- ✓ More challenging feedstock and digestate management = larger and better storage capacity?
- ✓ Greater demand for organic fertilisers?
- ✓ More incentives for farmers to manage soils effectively – impact on maize production?





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