

The County Farms Estate
The Path to Sustainable Farming: An Agricultural Transition Plan 2021 to 2024

Report of the Head of Digital Transformation and Business Support

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

Recommendation(s):

That the Committee notes the report and:

- (i) Ensure tenants are informed and supported to draw down grants available from 2022 under the slurry investment scheme.
- (ii) Ensure tenants are provided with training and support to access at least the new Sustainable Farming Incentive component of the Environmental Land Management Scheme (ELMS).
- (iii) Ensure any tenants considering retirement, possibly triggered by the option of taking the lump sum basic payment from 2022, are supported where practical to do so.
- (iv) The Estate looks to bid for any potential funding available through the proposed New Entrant Scheme currently being considered by DEFRA.

1.0 Background

1.1 At the County Farms Estate Committee meeting of 7 December 2020 members considered report BSS/20/07 – the Agriculture Act 2020, and resolved under minute reference FE/147:

- “(a) that further reports to future meetings to review the detailed proposals set out in the DEFRA Agricultural Transition Plan be welcomed;
- (b) that the Senior Land Agent be asked to write to all 1986 Act ‘retirement’ tenants bringing to their attention the change to the Case A retirement age; and
- (c) that the proposed new entrant support scheme be welcomed; and that the Chair of this Committee write to DEFRA strongly encouraging them to focus support on Local Authority County Farms Estates Services whose purpose is to provide new entrant opportunities and have a long and successful track record of doing so.”

1.2 Resolutions (b) and (c) have been actioned. Please see Appendix A for a copy of the Chairman’s letter to DEFRA.

1.3 This report delivers resolution (a).

1.4 This is the [Agricultural Transition Plan](#) and this is the [DEFRA "Farming is Changing" report](#).

2.0 The Transition Plan in Summary

2.1 On 30 November 2020 the Department for the Environment, Food and Rural Affairs (DEFRA) published its Agricultural Transition Plan for England, setting out what will follow the United Kingdom leaving the European Union (EU) and the Common Agricultural Policy (CAP) with:

- the ways in which Basic Payment is to be reduced by 2024, releasing money for environmental, productivity and animal welfare schemes. Basic Payment is to be phased out over the seven-year Agricultural Transition period, from 2021 to 2027 so that there would be no Basic Payment in 2028.
- the development of Environmental Land Management with the Sustainable Farming Incentive component to be available from 2022 as part of implementing the Government's aim to answer climate change and to improve the environment, rather than manage its decline, paying for work above the baseline required by regulation.
- the prospective financial assistance for productivity, as one part of tackling the substantial productivity challenge facing UK agriculture.
- an animal health and welfare pathway.
- the future approach to regulation and inspection, looking to be more practical and proportionate than allowed under EU CAP regulations.

2.2 Consultations are expected in early 2021 on:

- Lump Sum Payments - The potential option of taking remaining Basic Payment income as a lump sum in 2022, presented as a retirement option.
- De-linked Payments - de-linking the remaining Basic Payment from occupying farmland or farming from 2024, making the current cross compliance mechanism redundant.
- Animal welfare - A consultation on welfare labelling is being prepared.
- Slurry - DEFRA will consult on legislation to introduce increased capacity requirements for slurry stores (possibly requiring 6 months storage capacity).
- Pesticides - A consultation on a draft National Action Plan for the Sustainable Use of Pesticides.
- Dairy contracts - A summary of responses, outlining the findings of a consultation exercise undertaken in 2020 will be published.

2.3 DEFRA considers it has two equal priorities: - achieving a vibrant, competitive, sustainable agriculture, and improving the environment and achieving outcomes for climate change and animal welfare.

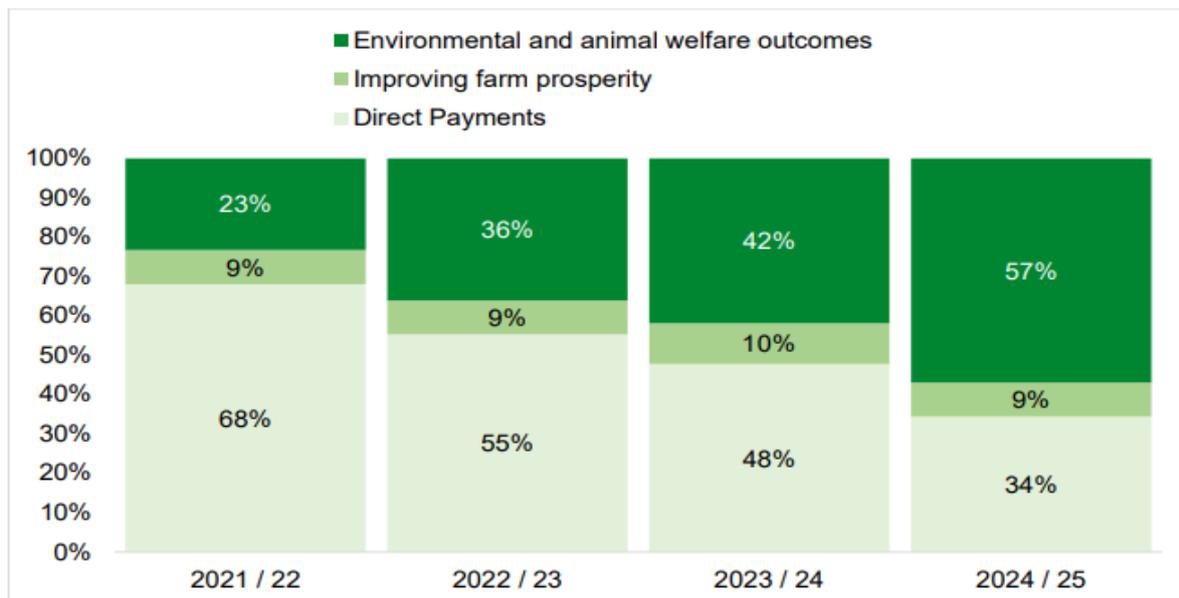
2.4 The declared broad principles include:

- co-design
- helping people to do the right things

- encouraging trust in systems and approach
- being as clear and simple as possible
- making things work
- focussing on achieving outcomes
- learning and adapting.

2.5 DEFRA will continue to be able to spend £2.4bn on agricultural policy in England until 2024. The Transition Plan sets out the changes in the way that money is to be spent working from the 2020 financial ceiling for England. The following table extracted from the Transition Plan shows how the funding will be repurposed.

Figure 1: Funding plan for 2021/22, 2022/23, 2023/24 and 2024/25



2.6 Basic Payment (from 2021 including the Greening element) is to have halved by 2024 with the money released redeployed to DEFRA's goals. The Plan sets out the path of Basic Payment reductions with an "Income Tax type approach" of greater reductions on payments in bands above £30,000. That means the largest claimants would see significantly more than a halving of their 2021 payments by 2024. The table below, taken from the Transition Plan, shows the percentage reductions in payments.

Table 2: Direct Payment reductions

Payment Band	2021 scheme year	2022 scheme year	2023 scheme year	2024 scheme year
<=£30,000	5%	20%	35%	50%
£30,000 to £50,000	10%	25%	40%	55%
£50,000 to £150,000	20%	35%	50%	65%
>£150,000	25%	40%	55%	70%
Cumulative total amount to be redirected into delivering other schemes for farmers	£169 - 179m	c£427 - 447m	c£703 - 733m	c£970 - 1,010m

2.7 The table below, again taken direct from the Transition Plan, shows how these percentage reductions translate to reductions in payments

Table 3: Direct Payment reduction examples – value of payments remaining after reductions in each year

Payment value before progressive reductions	2021 scheme year	2022 scheme year	2023 scheme year	2024 scheme year
£5,000	£4,750	£4,000	£3,250	£2,500
£10,000	£9,500	£8,000	£6,500	£5,000
£20,000	£19,000	£16,000	£13,000	£10,000
£40,000	£37,500	£31,500	£25,500	£19,500
£80,000	£70,500	£58,500	£46,500	£34,500
£160,000	£134,000	£110,000	£86,000	£62,000

2.8 The 2021 simplifications for Basic Payments include the end of greening, ending the two year “use or lose” rule for entitlements and extension of the force majeure notification deadline.

2.9 The Lump Sum Option - The lump sum option will be offered from 2022 as an exit scheme aimed at supporting farmers retire.

- 2.10 De-linking would happen in 2024, so ending the current cross compliance mechanism, and based on a reference period. Claimants would be able to claim the residual balance of their entitlements until 2027 without occupying land and without farming.
- 2.11 Environmental Land Management (ELMS). This is a key part of the delivery of the Government's 25 Year Environment Plan. This will no longer have numbered tiers but named "components" with what appears, in effect, to be a phased introduction ahead of its full application as it is "rolled out" from late 2024 until 2028:
- (i) The Sustainable Farming Incentive (SFI) (formerly Tier 1) – This is intended to give as many farmers as possible the chance to be paid for public goods, paying for management above that required by regulations. Sitting alongside the continuing Countryside Stewardship scheme, it is expected to emphasise soil health, nutrient management and Integrated Pest Management. This is to be piloted at "whole farm" level in 2021 with the aim of 1,000 farms participating in the pilot. Details of this will be issued in early 2021. It would then be rolled out more widely in 2022.
 - (ii) Local Nature Recovery (formerly Tier 2) – As the title (allied to the Environment Bill's Local Nature Recovery Strategies) implies, the options for more significant work on species, habitats and land use change are likely to be geared to the location in question. This might be, for example, where lowland peat restoration is considered at a farm level. It is possible that some estate farms might fall within these target areas. For example, the farms within the Cirl Bunting habitat improvement areas or culm grassland areas?
 - (iii) Landscape Recovery (formerly Tier 3) – This is for landscape and ecosystem recovery which, with their larger scale, will not have Pilots but example projects from 2022. As the title implies this is aimed at a larger scale and so might more usually see collaborative activity, perhaps over areas of 2-3,000 hectares. Due to the fragmented nature of the Estate it is difficult to see how the Estate may contribute to this objective, unless of course schemes are designed in collaboration with tenants and neighbouring landowners.
- 2.11 Countryside Stewardship (CS) will continue to operate with applications possible up to 2023 and agreement start dates in 2024. DEFRA is looking for a smooth path for people to move from CS to ELMS without penalty. The CS inspections regime is to be improved from 2021 to be more focused on outcomes and proportionate. A similar approach is suggested for expiring agreements under Higher Level Agri-environment (HLS) and other schemes.
- 2.12 Woodland creation and tree planting will be supported. A Pilot for the Tree Health Scheme will run in 2021 with a view to a launch in 2024.
- 2.13 Protected Landscapes - In an apparent response to concerns in the uplands about loss of Basic Payment and following the Glover Review, there would be

payments for environmental and access improvements in National Parks and AONBs.

2.14 Productivity/“Prosperity” - The range of initiatives here will include:

- The Farm Investment Fund with grants for productivity and technology with two levels:
 - (a) A Farming Equipment Technology Fund offering smaller grants to contribute towards the purchase of a list of specified items
 - (b) A Farming Transformation Fund offering larger grants towards the cost of more substantial investments in equipment, technology or infrastructure that could have the potential to transform business performance.
- Future Farming Resilience Support to act through existing support organisations to help farmers with the transition in a three year programme starting from 2021
- the Institute for Agriculture and Horticulture (IAH) for farming CPD and learning
- the Animal Health and Welfare Pathway – animal welfare is also sometimes discussed as part of the “public goods”
- Support for Innovation with farmer-led research and development projects
- Slurry Investment, as a direct aid to preventing pollution problems. There is to be legislation requiring slurry storage capacity to be increased to 6 months
- More support for new entrants with start-up innovation hubs, work with County farms, etc. The intention is for this scheme to be co-designed by September 2021 for introduction in 2022 with a focus on County farms.

2.15 Regulation and Enforcement - A key component will be the regulatory baseline: what the law does and will require from farming. That baseline may rise over time. Public Goods payments will only be made for the change and management to standards above that baseline. 2021 will see improvements in cross compliance with proportionate penalties focused on the highest risks. As noted above, de-linking removes the cross compliance mechanism as a tool from 2024. DEFRA’s aim is that, by 2027, it would have a reformed, effective, relevant and trusted system for inspection and enforcement

3.0 Slurry Investment Scheme

3.1 DEFRA plans to launch a slurry investment scheme from 2022 to help reduce pollution from farming and contribute to the 25 Year Environment Plan and net-zero commitments. This scheme will help farmers to invest in new slurry stores that exceed current regulatory requirements and are proofed against higher standards that are expected to be introduced in the future. Alongside this scheme, DEFRA plan to implement new regulations as part of the Clean Air Strategy to cover all slurry stores.

- 3.2 The scheme will enable farmers to adopt other pollution-reducing measures such as low emissions spreaders (to be a legal requirement by 2025).
- 3.3 The scheme will initially focus on those locations where environmental impact will be greatest and at viable businesses seeking to invest in improved slurry storage.
- 3.4 To future-proof public investment and support the sector in reducing its environmental impact, DEFRA will only invest in stores which are sufficiently large enough to contain at least 6 months' slurry production and are covered with an impermeable cover.

4.0 New Entrants Support Scheme

- 4.1. DEFRA consider new entrants seeking to develop new land-based businesses find it difficult to access the land they need and recognises a vibrant farming industry needs to attract new talent with innovative approaches.
- 4.2 The Department will provide funding to create lasting opportunities for new entrants to access land, infrastructure and support to establish successful and innovative businesses working with Council Farms and other landowners. DEFRA hopes to create more start-up innovation hubs providing new tenant farmers and those using other business models with access to the land, infrastructure and support they need to thrive.
- 4.3 DEFRA will invite applications from councils, cooperative and community land organisations, local partnerships, and private and institutional landowners who have innovative ideas and the capability to provide long-term opportunities for talented new entrants.
- 4.4 During 2021 DEFRA plan to work with Councils with 'county farms', other landowners and stakeholders to co-design a scheme that will create more lasting opportunities for new entrants.

5.0 Conclusion

- 5.1 The Agricultural Transition Plan provides some clarity beyond the legislative framework of the Agriculture Act 2020 but as ever much detail still needs to be worked through as part of the planned industry 'codesign' following the extensive programme of consultations in 2021. The Plan offers the Estate a potential opportunity to draw down funding to provide more new entrant opportunities. Whether this funding can be used to future proof existing new entrant opportunities on the Estate remains to be seen? The Plan also provides the Estate and its tenants access to potential funding to enlarge slurry stores or cover them to increase capacity and provide compliance with

the Clean Air Strategy. What remains unclear is whether the funding can be used to cover yards etc to reduce the level of rainwater entering the store in order to create the extra capacity required.

6.0 Options/Alternatives

6.1 Alternative options have been considered and discounted as they are believed to either be contrary to current Estate policy and/or not in the best financial interests of the Estate.

7.0 Consultations/Representations/Technical Data

7.1 The views and opinions of the Devon Federation of Young Farmers Clubs and the Estate Tenants Association will be presented by the two co-opted members to the committee.

7.2 No other parties have been consulted and no other representations for or against the proposal have been received

7.3 The technical data is believed to be true and accurate.

8.0 Financial Considerations

8.1 The Author is not aware of any financial issues arising from this report.

9.0 Environmental Impact Considerations (including Climate Change)

9.1 The Author is not aware of any environmental impact (including climate change) issues arising from this report.

10.0 Equality Considerations

10.1 The Author is not aware of any equality issues arising from this report.

11.0 Legal Considerations

11.1 The Author is not aware of any legal issues arising from this report.

12.0 Risk Management Considerations

12.1 The Author is not aware of any obvious risks to manage.

13.0 Public Health Impact

13.1 The Author is not aware of any public health impact.

14.0 Summary/Conclusions/Reasons for Recommendations

14.1 The Author has prepared this report in accordance with the findings of the County Farms Estate Strategic Review (April 2010)

Rob Parkhouse, Head of Digital Transformation and Business Support

Electoral Divisions: All

Local Government Act 1972: List of Background Papers:

None

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