

Environmental Land Management is to be Defra's new flagship agri-environment scheme to replace Countryside Stewardship. Work designing the new scheme has been taking place for many months with some trial projects currently underway. There is due to be a national pilot next year with full roll-out due at the end of 2024. A consultation paper was published on 25<sup>th</sup> February with a deadline for responses by 5<sup>th</sup> May. Due to the coronavirus pandemic that has now been postponed with no new date.

It is not clear how many of the trials have been interrupted by the pandemic or when they are likely to be completed, but these dates must also now be in doubt. And yet the Government is determined to go ahead with the phased reductions of the Basic Payment Scheme next year. In the first year the reductions are 5% on the first £30,000, 10% between £30,000 and £50,000, 20% between £50,000 and £150,000 and 25% above £150,000. Reductions will continue each year until the Basic Payment ceases altogether at the end of 2027. This will cause significant restructuring within the industry as many farms are only profitable due to the Basic Payment.

To help farmers adjust and restructure, it is essential that the Government provides grants and support. ELMS is part of that support but there must be grant schemes to help with investment in innovation and new technology and to improve inherent poor productivity. In particular, it is critical that farmers improve soil structure and fertility which has become degraded over many years.

This is likely to be a very poor year for farming, hit by extreme weather, the coronavirus pandemic and by continued uncertainty over future trading relations with the EU and other countries. Many farmers will fail to make a profit this year and will be unable to invest for the future. There is still no clarity about the precise measures to be included in ELMS and, whilst it is commendable that Defra is determined to get the structure right after the extremely poor response to Countryside Stewardship, further delays may be extremely damaging. ELMS is not in any way a replacement for the Basic Payment Scheme but it will provide farmers with income for the supply of public goods.

We would urge the Government to minimise any delays to the development and introduction of ELMS. By the time any grants become available in 2025, there will already have been four year of reductions in the Basic Payment Scheme. This scheme and others to help with restructuring and improvement of productivity should be introduced as soon as possible. It is also critical that trade measures are agreed with the EU as soon as possible to prevent serious disruption to markets, catastrophic in the case of the red meat sector. In the meantime, the Government must consider postponing the cuts in the Basic Payment Scheme for a year especially if profitability this year is hit as badly as predicted.

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