Funding for Environmental Land Management

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How much money is needed?

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Estimated annual cost of AES options to deliver environmental objectives (£ m)

	England
Biodiversity	624.4
Landscape	107.3
Climate change mitigation	172.9
Flood risk management	43.2
Farmland historic environment	9.1
Soil quality	94.6
Water quantity	69.5
Resource protection	99.1
Public access	38.0
Total	**1,258**

LUPG Report 2009 “Estimating the Scale of Environmental Land Management Requirements for the UK”

Costs based on applying agri-environment type options.

How much money is needed?

Upland cost estimates for England:

- Blanket Bog: **£8.9m** per year
- Purple moor grass and rush pasture: **£0.8m** per year

- Annual spend on Agri-environment **£469 m** per year (2009-10)

What funding is available for land management?

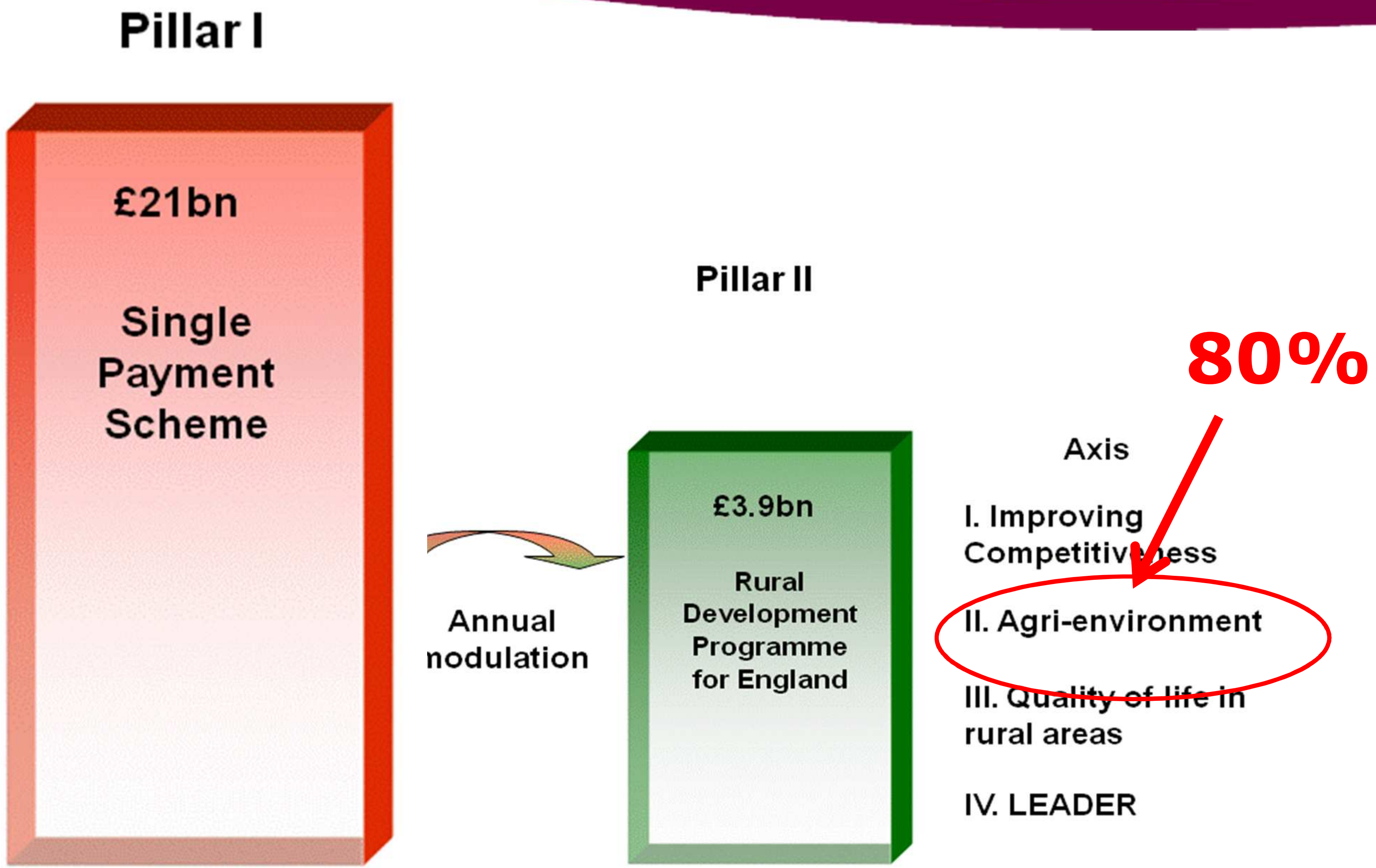
- **European Union Common Agriculture Policy (CAP)**
  - Single Payment £1.63bn /year
  - Agri-environment schemes (UK match funded)
  - Other CAP Rural Development funding, e.g. Delivered by RDAs

- **European LIFE funds**
- **Exchequer Funding** - funding for SSSI where ES cannot operate. National Park funds
- **OffWat PR09** (and future PR14) funds
- **NGO's and charities** RSPB, Wildlife Trust, NT
- **Private land purchase**
- **Heritage Lottery Fund**

Common Agriculture Policy funding

Single Payment and Agri-environment

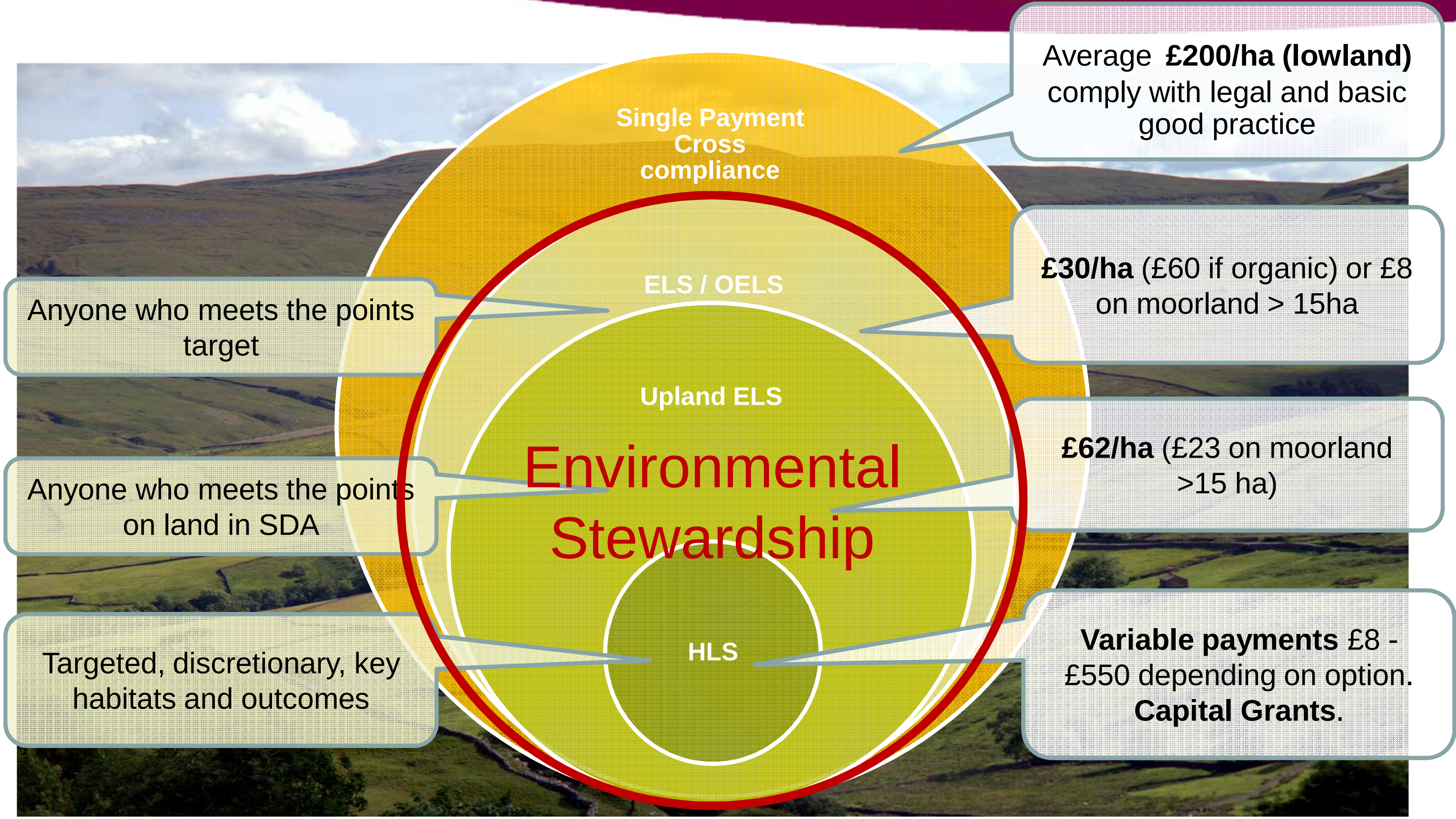
Current CAP Structure



Layers of CAP funding for a farm

CAP Pillar 1

CAP Pillar 2



Potential for Conservation management
Pillar 1 – The Single Payment

- Evolved in 2005 from previous direct payments for production support. **By far the largest payment for farming £1.6bn / year**

- Cost of complying with rules beyond the law accounts for less than 2% of payments. **Sets the environmental baseline**

High uptake – low environmental impact – generic – inflexible

Pillar 2 - Agri-environment

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- **Voluntary** management **contracts – 5 or 10 year**
- For **land managers**, commonly farm owners or tenants
- A **financial incentive**, combined with advocacy and advice, to manage land for environmental outcomes.
- A form of government sponsored, **multi-objective payments for ecosystems services.**
- Worth over **£400m in payments per year**

Agri-environment Uptake (to end October 2010)

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UAA Coverage

Scheme	No. of agreements	Area (ha)	% of UAA
CSS	8,574	274,654	3.0
ESA	6,524	425,333	4.6
ELS (including organic)	42,351	5,686,269	61.2
Freestanding HLS	815	108,018	1.2
Total	58,264	6,494,274	69.9

Uplands Entry Level Scheme Coverage

No. of UELS agreements	UELS Area (ha)	% of SDA under UELS
2,793	325,958	25.1%

HLS Coverage

No. of HLS agreements	HLS Area (ha)	% of UAA under HLS
6,665	757,430	8.2%

Around 73% of SDA land in England is in agri-environment

ES in the Uplands

- Many **ESA and CSS** agreements still to expire – **701,980 ha** in 2013-14 of which ESA account for 61%
- **Uplands ELS** replaced the HFA in 2010. Over 2800 agreements in place.
- Aim for **80% of the uplands by 2015**, which would mean spending over **£25 million per year compared with £23.7 m under the HFA**

Example HLS Moorland Options

- **HL8/9 Maintenance or restoration of rough grazing for birds £80**
- **HL9/10 Maintenance or restoration of moorland £40 per ha** to maintain or restore moorland habitats to benefit upland wildlife, retain historic features and strengthen the landscape character.
- **HL11 Creation of upland heathland £60 per ha** aims to create dwarf-shrub communities in upland moorland areas
- **Supplements** for management of heather, gorse and grass by burning, cutting or swiping, moorland re-wetting
- **Fencing and grip blocking**, can be funded by a Capital Works Plan

Other benefits of agri-environment schemes

Recent independent studies have shown that ES benefits the wider local economy:

- **HLS** : **every £1 spent generates another £1.43 for local economy**

- **ES** as a whole **helps to maintain employment**, both on and off farms.

Comprehensive Spending Review

Comprehensive Spending Review and ES

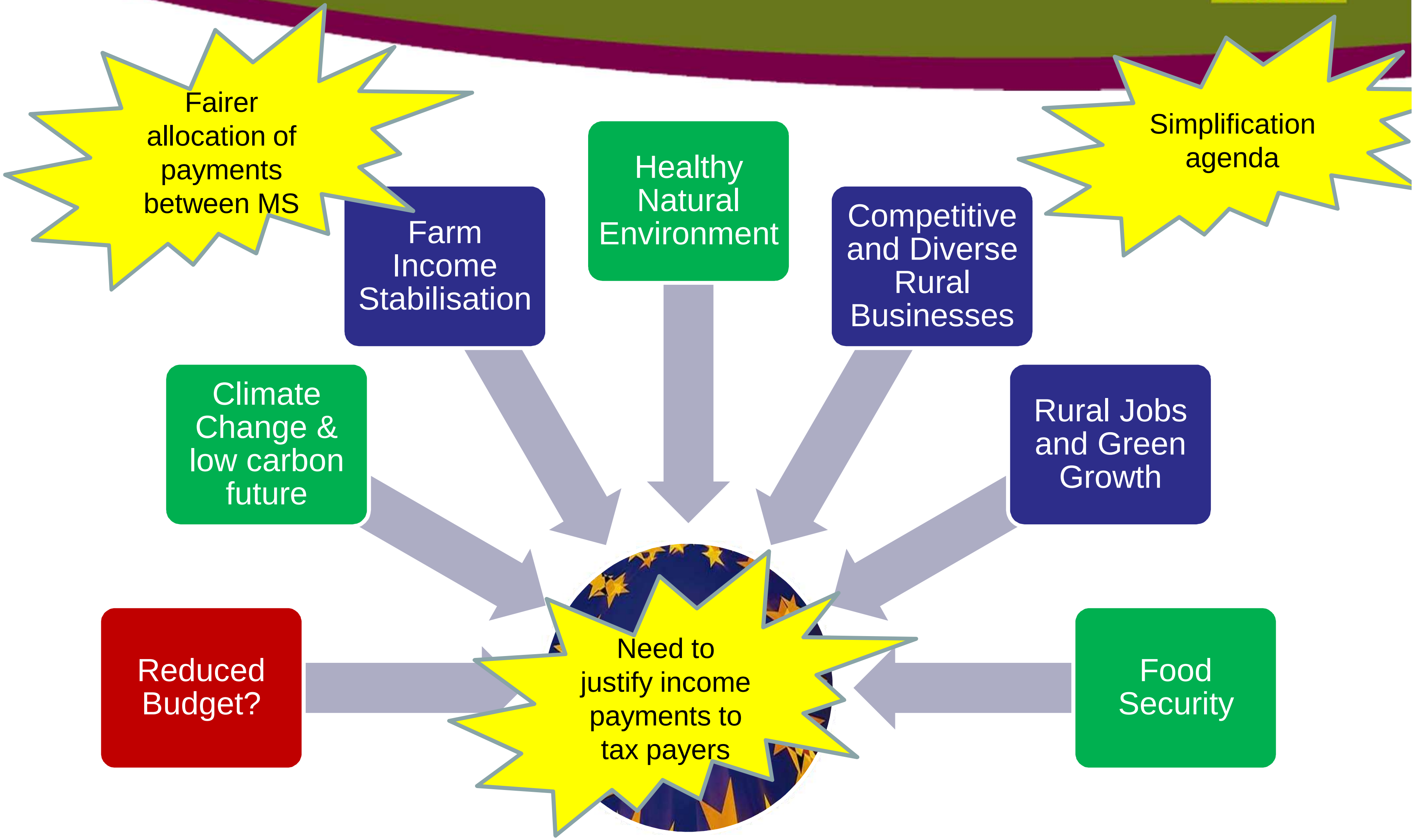
- **By 2013/14 we will be spending 83% more on HLS** than currently.
- **Short term pause to HLS delivery** - No new HLS agreements can go live before is 1 April 2011.
- ***HLS remains open for business*** - will maintain outcomes through targeting.
- **(O)ELS and Uplands ELS remain open to farmers as before**

The Future of Environmental Stewardship

- **Short to medium term**:
  - Jim Paice has asked Defra and Natural England to look at ways of making ES more effective.
  - NFU, along with other farming and environmental bodies has fed ideas into this process, due to report next spring
  - We are looking at ways of working more closely with FC & EA
- **Medium to long term**:
  - The debate over CAP reform is in full swing.
  - The EU Budget Review White Paper.
  - Both emphasise using CAP to support Environmental Public Goods

Changes to European Funding from 2014

Why Change the CAP in 2014?



The European Commission’s proposals

The leaked proposals suggest three ways forward:

- **Little change to present**
- **Greening Pillar 1** – the middle way?
- **Abolition of income support and Pillar 1**
  (UK / LUPG Vision).

The Commission clearly have a preference for the “middle way”

This is ***only a leak*** and only an opening move in a long and complex negotiation across Europe

We won’t know the detailed rules until quite close to the start of the next programme. **Negotiations could drag on well into 2013.**

Implications for ES?

Can only guess at the moment – prepare for different scenarios e.g.

- Any increase in the environmental requirements for Pillar 1 **could alter the baseline for Environmental Stewardship.**

- **LFA payments moved to Pillar 1** (now only used for ESA and CSS agreement holders who cannot join UELS)?

Risks and Opportunities – personal view

Opportunities from "Greening" P1

- Enable Pillar 1 to deliver more for the environment?
- Could lead to simplification (equally could be more complex!)?
- New opportunities to support climate change mitigation and adaptation and linkage with agri-environment?

Risks:

- Upheaval for our scheme structure, as the P1 baseline changes
- A greener P1 could make any AES in P2 less attractive?
- Greater focus on risk management, innovation and competition in Pillar 2 risks less cash for environmental land management (AES)?

Other Mechanisms?

Other sources of incentives / funds

- **Payments for Ecosystem Services** Natural England has 3 pilots
- **Biodiversity Offsets** (Conservation Banking) – RSPB est £53m

- Others that could show promise:
  - **Industry Farm Assurance** (standards) schemes
  - **Covenants**

- Remember the potential of **existing regulation** (UK and EU) – but further regulatory approaches not likely

- RSPB have proposed **taxes** for fertilisers, pesticides and peat

Questions