



# ENVIRONMENT SCHEMES AND OTHER GRANTS

## JANUARY 2022

### 1. THE ENVIRONMENTAL LAND MANAGEMENT SCHEMES

The Environmental Land Management (ELM) schemes will eventually replace both the Basic Payment Scheme and Countryside Stewardship. There are three levels:

- the Sustainable Farming Incentive which is aimed at all farmers,
- Local Nature Recovery and
- Landscape Recovery.

#### a) SUSTAINABLE FARMING INCENTIVE

##### Sustainable Farming Incentive Pilot (only available to Pilot farmers)

Last March, Defra published the first phase of its Sustainable Farming Incentive (SFI) pilot with eight standards available. Each standard has three levels: Introductory, Intermediate and Advanced with payment rates increasing depending on the level of management required. Note these payment levels and actions are likely to be amended during the pilot period and are different to SFI 2022 but gives an idea of how Defra currently views the scheme.

Standard	Payment		
	Introductory	Intermediate	Advanced
<b>Arable and horticultural: land</b>	£28/hectare (ha)	£54/ha	£74/ha
<b>Arable and horticultural: soils</b>	£26/ha	£41/ha	£60/ha
<b>Farm woodland</b>	£49/ha	-	-
<b>Hedgerows</b>	£16/100 metre (m)	£21/100m	£24/100m
<b>Improved grassland</b>	£27/ha	£62/ha	£97/ha
<b>Improved grassland: soils</b>	£26/ha	£44/ha	£70/ha
<b>Low and no input grassland</b>	£22/ha	£89/ha	£110/ha
<b>Water body buffering</b>	£16/100m	£29/100m	£34/100m

Over 900 farmers submitted applications to be part of the pilot with agreements starting this winter. These will last for 3 years with participants paid to provide feedback about the scheme. These standards are only available to the farmers signed up to the pilot but the next section covers what will be available to all farmers.

## Sustainable Farming Incentive (SFI) 2022

The Sustainable Farming Incentive in 2022 will be an early rollout of the SFI scheme and will be open to all farmers who claim Basic Payment Scheme and those in Countryside Stewardship, providing this does not create double-funding. Agreements will last 3 years, with amendments allowed every 12 months to add land, add standards or increase ambition levels. Payments will be made quarterly. We are expecting the application period for SFI 2022 to open in the Spring including the following standards:

- Improved grassland soils
- Arable and horticulture soils
- Moorland and rough grazing
- It will also pay for an annual livestock health and welfare review.

In 2022, there will not be an SFI capital grant scheme, but capital grants will be available through Stewardship.

### The Improved Grassland soils standard:

Level	Actions
Introductory £28/ha	<ul style="list-style-type: none"><li>○ Test soil organic matter</li><li>○ Complete a soil assessment and soil management plan</li><li>○ No more than 5% bare ground over winter.</li></ul>
Intermediate £58/ha	All the introductory actions plus establish/maintain herbal leys on at least 15% of land in the standard.

### The Arable/Horticultural soils standard:

Level	Actions
Introductory £22/ha	<ul style="list-style-type: none"><li>○ Test soil organic matter</li><li>○ Complete a soil assessment and soil management plan</li><li>○ At least 70% of land in the standard must have green cover over Winter (Dec-Feb). This can include any kind of green cover, including autumn sown crops and weedy stubbles.</li><li>○ add organic matter to 1/3 of the land in the standard each year. This can include any kind of organic matter, including sown green cover crops.</li></ul>
Intermediate £40/ha	Includes all the introductory actions plus: <ul style="list-style-type: none"><li>○ 70% of land in the standard must have green cover over Winter (Dec-Feb). Multi species green cover must cover at least 20% of total land in the standard.</li><li>○ add organic matter to 1/3 of the land in the standard each year. This will include multi-species green cover and other ways to add organic matter.</li></ul>

Defra plans to add advanced levels to the soils standards from 2023 onwards. For the Arable standard, this is likely to include the increased use of no-tillage techniques.

## Moorland and Rough Grazing standard

Level	Actions
<b>Introductory</b> £148/agreement/year + £6.45/ha	<ul style="list-style-type: none"> <li>○ Verify and record soil types, including peatland, and associated vegetation</li> <li>○ Evaluate the public goods potential and condition of the moorland</li> <li>○ Identify opportunities to maintain or enhance public goods</li> </ul>

SFI 2022 will only offer an introductory level for the moorland and rough grazing standard with intermediate and advanced levels to follow later in the rollout of SFI. Common land will be eligible through group agreements only.

### Animal Health and Welfare Review

This will pay for an annual farm visit from a vet or vet-led team. It will be available to farmers in England who are eligible for BPS and keep more than 50 pigs, 20 sheep or 10 cattle. Likely payment rates are below but depend upon the testing regime for priority endemic diseases:

- Pigs - £684
- Sheep – £436
- Beef cattle – £522
- Dairy cattle - £372

### What next with the roll out of future SFI standards?

SFI 2022 is a starting point - more standards and ambition levels are set to be added to the scheme from 2022-2025. This is not final, but we understand that Defra are considering rolling out the standards as follows:

2023	2024	2025
<ul style="list-style-type: none"> <li>○ nutrient management</li> <li>○ integrated pest management</li> <li>○ hedgerows</li> </ul>	<ul style="list-style-type: none"> <li>○ agroforestry</li> <li>○ low and no input grassland</li> <li>○ moorland and rough grazing (all levels)</li> <li>○ water body buffering</li> <li>○ farmland biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>○ organic</li> <li>○ on-farm woodland</li> <li>○ orchards and specialist horticulture</li> <li>○ heritage</li> <li>○ dry stone walls</li> </ul>

The Sustainable Farming Incentive is the “base” layer of the three Environmental Land Management schemes and the one meant to be the most accessible to farmers. The next two schemes require more actions to be taken in return for higher payments.

## b) LOCAL NATURE RECOVERY

The Local Nature Recovery scheme will pay for actions that support local nature recovery and meet local environmental priorities. It is described by Defra as: “*The improved and more ambitious successor to the Countryside Stewardship scheme in England.*” Initially it will cover the following themes:

- wildlife feeding, shelter and breeding areas
- grassland, lowland heathland, wetland and coastal habitats
- upland and lowland peat and moorland
- recovery and reintroduction of particular wildlife species

- managing and creating trees and woodlands
- nature-based solutions for water
- restoring rivers, flood plains, streams and riparian habitats

The scheme will be open to farmers and land managers including those in the Sustainable Farming Incentive. Agreements will be “multi year” and mostly individual agreements but supporting collaboration. An early version of the scheme will be piloted in 2023 with full roll out by the end of 2024. More information will be available later this year on options and payment rates and how farmers can get involved in testing the scheme.

### **c) LANDSCAPE RECOVERY**

The highest level of the ELM scheme - Landscape Recovery - will support “*more radical changes to land-use change and habitat restoration*”. The first application round is expected to open in early 2022 and provide funding for up to 15 projects focusing on two themes – recovering threatened native species (including curlew) and restoring rivers and streams. Each of the pilot projects will cover areas from 500 to 5,000 hectares. Defra intends to launch a second round of pilot projects next year.

The Landscape Recovery scheme will not have standard payment rates or options with each agreement being “bespoke”. The highest scoring applications will be offered support to fund a development phase of up to 2 years. The implementation phase will then include long term agreements of 20 years plus.

## **2. EXISTING ENVIRONMENTAL SCHEMES**

### **a) COUNTRYSIDE STEWARDSHIP**

The Countryside Stewardship schemes will continue to be open for applications until 2023 with the final agreements starting on 1st Jan 2024. This applies to both Mid-Tier and Higher Tier agreements. Existing Higher Level Stewardship agreements that come to an end in this period are mostly being offered annual rollovers until 2024.

Capital grants, including grants for field boundaries, air and water quality, will be available within both Mid and Higher Tier agreements and in the stand-alone grant scheme. Anyone in a Stewardship agreement that started after January 2021 who wants to join the new Environmental Land Management schemes will be able to transfer at agreed exit points with no penalty.

The payment rates for revenue grants have recently been reviewed with the rates for existing and new agreements taking effect from January 2022. Most of the payment rates have been increased and key changes include:

- GS5 Upland grassland option increasing from £16/ha to £71/ha – a significant increase.
- AB2 – Overwintered stubbles for new agreements starting 2023 will reduce from £84 to £58, but existing agreements will not change.
- GS2 Lowland grassland increasing from £95/ha to £132/ha.

There have been no changes to capital payment rates.

### **b) ENGLAND WOODLAND CREATION OFFER**

The England Woodland Creation Offer (EWCO) is a grant administered by the Forestry Commission to support the creation of new woodland. Many of the options offered under the

Stewardship Woodland creation and maintenance grants are also available under this new offer and may be eligible for higher payment rates. It will also create new woodland on areas as small as 1ha including through natural colonisation. There are four types of payment available:

- Capital items to establish new woodland, with payments covering 100% of standard costs
- 10 years of annual Maintenance Payments to help establish the young trees
- Contributions towards the cost of installing infrastructure for woodland management
- Additional Contributions to deliver public benefits. These include:
  - up to £2,800 per hectare for woodlands that restore nature and species (e.g. to extend areas of native woodland or for red squirrels)
  - £500 per hectare for woodlands that help reduce the risk of flooding
  - 400 per hectare for woodlands that will improve water quality
  - 1,600 per hectare for woodlands along riverbanks that improve water habitat
  - up to £500 per hectare for creating woodlands close to where people live
  - up to £2,200 per hectare for providing access to woodlands for the public to enjoy

### 3. OTHER SCHEMES

#### a) FARMING INVESTMENT FUND

The Farming Investment Fund will replace the Countryside Productivity Schemes and include grants for investments in technology, buildings, machinery and forestry equipment. There are two levels:

- A small grant scheme called the **Farming Equipment and Technology Fund**. Like the previous CP Small Grant scheme, this is based on a specific list of equipment with standard grant rates per item. The minimum grant is £2,000 and the maximum is £25,000 with farmers able to apply for up to £50,000 from the scheme overall. The first round of the scheme closed on 7<sup>th</sup> January 2022 and a further round is expected next winter.
- A larger grant scheme called the **Farming Transformation Fund**. This has a minimum grant of £35,000 and maximum of £500,000 towards the cost of more substantial investments in equipment, technology or infrastructure, with the potential to transform business performance. Grants are 40% of eligible costs and there are three themes:

<b>Water Resource Management</b>	<ul style="list-style-type: none"> <li>○ Includes water storage reservoirs, abstraction points, irrigation and abstraction equipment and best practice application equipment.</li> <li>○ Expressions of Interest for the Water Resource Management scheme closed on 12<sup>th</sup> January 2022.</li> </ul>
<b>Improving Farm Productivity</b>	<ul style="list-style-type: none"> <li>○ Opened for applications in January.</li> <li>○ Eligible items include robotic or autonomous equipment (eg robotic milkers and feeders) and slurry acidification systems.</li> <li>○ The deadline is 16th March for the 1st application stage.</li> </ul>
<b>Adding Value</b>	<ul style="list-style-type: none"> <li>○ Expected to open Spring 2022</li> </ul>

It is expected that the Farming Transformation Fund will be expanded to include a Slurry Investment Scheme in the autumn of 2022 including grants for slurry storage.

## **b) ANIMAL HEALTH AND WELFARE PATHWAY**

The Animal Health and Welfare Pathway will provide funding for:

- Capital grants and financial support including funding for vet visits and testing through the Sustainable Farming Incentive 2022.
- “Payment by results” to support biosecurity and control of endemic disease from 2023.
- A Livestock Information Service (LIS) to simplify traceability and animal health data.

## **c) FARMING IN PROTECTED LANDSCAPES**

The Farming in Protected Landscapes programme was launched in July 2021. Support is available over the next 3 years for farmers and land managers in AONBs and National Parks for projects that:

- Support nature recovery;
- mitigate the impacts of climate change;
- provide opportunities for people to discover, enjoy and understand the landscape and cultural heritage;
- support nature-friendly, sustainable farm businesses.

Examples of projects include: promoting connectivity between habitats, improving access, conserving historic features on farms, supporting locally branded food initiatives, action to reduce farm carbon emissions, gathering data to help inform conservation and farming practice and potentially farm diversification projects that fit with these aims. Note, this is a programme of funding for one-off projects, not an agri-environment scheme. There is now a rolling application window for the scheme so no set deadlines for applications. Contact your local AONB or National Park for details.

## **d) FUTURE FARMING RESILIENCE FUND**

This fund is aimed at providing business support to farmers and land managers in receipt of the Basic Payment Scheme during the early years of the agricultural transition.

It awards grants to organisations to help farmers:

- understand the changes that are happening
- identify how, what and when they may need to adapt their business models
- access tailored support to adapt.

In the first phase of the scheme, 19 organisations were funded to provide this support including the Prince’s Countryside Fund’s Farm for the Future programme delivered by the Farmer Network. Defra is in the process of developing the next stage of the scheme which will start in September 2022.

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