



GOVERNMENT TO PAY MORE TO FARMERS WHO PROTECT AND ENHANCE THE ENVIRONMENT

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Government to pay more to farmers who protect and enhance the environment

- *Increased payments for nature-friendly farming through Environmental Land Management*
- *New rates to drive uptake in the schemes to protect nature and support sustainable food production*
- *Farmers urged to step up and take advantage of benefits of increased payments under new, fairer farming system*

Farmers will receive increased payments for protecting and enhancing nature and delivering sustainable food production under the Government's Environmental Land Management schemes, Defra has announced today (Thursday 5 January 2023).

Speaking at the Oxford Farming Conference, Farming Minister Mark Spencer announced more money for farmers and landowners through both the [Countryside Stewardship](#) and the [Sustainable Farming Incentive](#) schemes, which will provide more support to the industry and drive uptake at a time of rising costs for farmers as a result of global challenges. He also confirmed an expanded range of actions under the schemes, which farmers could be paid for, would be published soon.

The changes mean farmers could receive up to a further £1,000 per year for taking nature-friendly action through the Sustainable Farming Incentive (SFI). This new Management Payment will be made for the first 50 hectares of farm (£20/ha) in an SFI agreement, to cover the administrative costs of participation and to attract smaller businesses - many of whom are tenant farmers - who are currently under-represented in the scheme. SFI is

already paying farmers to improve soil and moorlands, and an expanded set of standards for 2023 will be published shortly.

In addition, farmers with a Countryside Stewardship (CS) agreement, of which there are now 30,000 across England, will see an average increase of 10% to their revenue payment rates – covering ongoing activity such as habitat management. Defra is also updating capital payment rates, which cover one-off projects such as hedgerow creation, with an average increase of 48%.

Meanwhile, capital and annual maintenance payments for the England Woodland Creation Offer (EWCO) and Tree Health Pilot (THP) will also be updated this year, helping to incentivise farmers to incorporate more trees as a valuable natural resource on farms.

Taken together, these changes will mean more farmers taking individual positive actions such as creating hedgerows and flower-rich grass areas on the edge of fields and will support farmers and landowners in making space for nature alongside sustainable food production. This will help us meet the UK's legally binding environment targets and contribute to our aim of halting biodiversity by 2030, agreed at COP15 in December last year, while supporting the industry to farm more home-grown produce and take advantage of innovation.

Farming Minister Mark Spencer said:

“My challenge to our great industry is simple - this year, take another look at the Environmental Land Management schemes and think about what options and grants will help support your farm.

“As custodians of more than 70% of our countryside, the nation is relying on its farmers to protect our landscapes as well as produce the high-quality food we are known for, and we are increasing payment rates to ensure farmers are not out of pocket for doing the right thing by the environment.

“By increasing the investment in these schemes, I want farmers to see this stacks up for business – whatever the size of your holding.”

Under the EU's Common Agricultural Policy, which the UK has now left, farmers received payments based on how much land they held, meaning half the available cash went to the top 10%. Outside the EU, the UK is bringing in a new, fairer farming system which is designed in the best interests of our industry, in partnership with the sector. As the UK works towards its targets of halting the decline of nature by 2030 and hitting net zero by 2050 the new system, which is being phased in by 2027-8, puts money into farmers' pockets and the wider rural economy based on actions taken to enhance nature and drive innovation in agriculture.

These increased payments also recognise the challenges of rising input costs and other pressures which are being felt across the sector. The SFI Management Payment will also help to drive uptake in the scheme among all farmers, including smaller farms who are currently under-represented in environmental schemes. SFI has been designed with tenant farmers firmly in mind, and is more accessible to them thanks to shorter, three-year agreements and allowing tenants on shorter contracts to enter into the scheme without the need for landlord consent.

Today's announcement follows the government providing a [boost to the horticulture industry](#) with the provision of 45,000 visas for seasonal workers in 2023 – an uplift of 15,000 compared to what was available to businesses at the start of 2022. This number will be kept under review with the potential to increase by a further 10,000 if necessary, and contingent on sponsors and growers improving and abiding by worker welfare standards, including ensuring workers are guaranteed a minimum number of paid hours each week.

Notes to editors

SFI

Farmers will receive up to £1,000 as an 'SFI Management Payment' of £20 per hectare, up to 50 hectares of land entered into the scheme.

For a 50-hectare farm this represents a potential increase of as much as 50%. Payments will be backdated to when the SFI scheme fully opened in June 2022. An expanded range of SFI standards, which cover the actions farmers can undertake to enhance nature, will be published soon.

In line with our published payment principles, we are keeping payments in all schemes under review during the transition period to ensure they work for farmers, provide value for money and deliver the outcomes we need.

CS

Both new and existing CS revenue agreement holders will benefit from payment increases of 10% on average, backdated to 1 January 2023. This funds ongoing activity such as hedgerow management. For example:

- Rates for in-field grass strips – which allow pollinators such as bees to make their way across large fields from one strip to another, rather than sitting on the margins, and thereby increasing crop yields – are increasing from £624 per hectare to £658 per hectare.
- Sowing strips of land with a seed mix which will provide food for birds in winter, encouraging wildlife to remain on the farm year round and reducing the need for expensive artificial fertiliser, will increase from £640 per hectare to £732 per hectare.
- The payment rate for management of low input grassland in upland areas will also rise from £71 to £98 per hectare. This option provides grasses and wildflowers that provide nectar food and shelter for invertebrates and help attract ground-nesting and feeding birds to less productive farmland.
- The rate for creating successional areas and scrub has risen from £128 to £149 per hectare. These areas help provide habitats for birds and other important species and improves the quality of woodland edges, as well as restricting soil erosion and holding back water to reduce downstream flooding.

The majority of CS capital payments - one-off grants for things like hedgerow creation – will also increase from 1 January, with rates up by an average of 48%. [The application window for these grants opens today](#). For example:

- Hedgerow creation increases to £22.97 per metre, compared to £11.60 currently – a rise of 98% - supporting farmers to create new habitats for beneficial insects and birds, in turn reducing the need for pesticides on crops. This also reduces soil erosion, improves drainage, and increases carbon capture.

- Improving or upgrading existing outdoor, uncovered yard drainage is important in helping to reduce foul drainage volumes and runoff, reducing the risk of water and air pollution in water catchment areas. Payment rates to support this have risen from £27.14 per square metre to £33.64.
- Re-wetting and maintaining moorland peatland habitats are important to help us deliver our environmental outcomes. The payment for capital works for grip blocking drainage channels to support this have risen from £14.80 per block to £19.06.

Revenue rates will remain the same for those in Environmental Stewardship (ES) agreements. A full list of the increased [capital](#) and [revenue](#) payment rates is available.

FACTSHEET

Environmental Land Management schemes (ELMs)

- As government phases out the Basic Payment Scheme, which paid farmers based on how much land they held, new schemes are being introduced to pay farmers taking actions to benefit the environment and biodiversity.
- The three Environmental Land Management schemes are intended to support the rural economy while achieving the goals of the 25 Year Environment Plan.
- We have already opened two new Environmental Land Management schemes, with the third scheme being an expanded and enhanced version of the popular Countryside Stewardship scheme.
- They will help to deliver our ambitious outcomes on the environment and support a thriving food and farming sector.

Sustainable Farming Incentive

- In late June 2022, we launched the Sustainable Farming Incentive (SFI) scheme.
- SFI pays farmers to undertake sustainable management actions (going beyond regulatory requirements) alongside productive farming.
- SFI is being rolled out incrementally – the full offer will be in place by 2025. SFI actions are grouped into packages set out as ‘standards’.
- The initial SFI offer launched in June 2022 consists of the following standards:
 - improved grassland soils standard (introductory and intermediate levels)
 - arable and horticultural soils standard (introductory and intermediate levels)
 - moorland standard (introductory level)
- Farmers have already started applying with more than 4,450 applications started, of which 1,980 have been submitted.
- We’ve worked closely with the Tenant Farmers Association and SFI has been designed with tenant farmers firmly in mind:
 - more tenant farmers can access SFI than has been the case under our previous schemes.
 - this includes farmers with tenancies on a ‘rolling’ year-by-year basis who can enter that land into SFI – if they expect to have ‘management control’ of it for the 3-year duration of their SFI standards agreement.
- We will publish details of the expanded offer for 2023 soon, including new standards and the payment rates.
- Farmers are able to upgrade their SFI agreements annually – so they can add new standards (and more land) into their agreements.
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Countryside Stewardship

- We expect there to be 32,000 Countryside Stewardship agreements live at the start of 2023, a 94% increase from 2020.
- In December 2022, there were over 11,000 live Countryside Stewardship agreements involving management of hedgerows, covering 58,000 kilometres of hedgerow, while more than 4,000 kilometres of hedgerows are in the process of being planted.
- In 2022, there were 3,860 Countryside Stewardship Higher Tier agreements delivering environmental benefits (such as habitat creation, restoration or management) on our most important sites, including woodland management.
- Building on that success, we are going to evolve Countryside Stewardship rather than continuing to build Local Nature Recovery as a new scheme. As we do this, we will incorporate all the original ambition intended for Local Nature Recovery. We will also use the feedback from working with stakeholders on policy development and through tests and trials over the past few years.
- The evolution of Countryside Stewardship will encourage the right things being done in the right places, enable local join-up to deliver bigger and better results and facilitate testing of innovative payment mechanisms, such as payment by results.
- The enhanced Countryside Stewardship offer will be a key vehicle for delivering significant and important outcomes for the climate and environment, alongside food production, that can only be delivered by farmers and in the wider countryside. These include:
 - creating, restoring, and continuing to protect wildlife-rich habitat
 - improving water quality
 - increasing resilience to flooding and drought
 - creating more new woodlands to increase tree and woodland cover, and encouraging management of existing woodlands
 - reducing carbon emissions, storing carbon and increasing resilience to climate change

Landscape Recovery

- These longer-term, bespoke projects are a crucial part of our overall effort to deliver our environment and climate targets.
- Our first round of 22 Landscape Recovery projects include projects involving tenants, and the majority involve groups of farmers working together to deliver a range of environmental benefits across farmed and rural landscapes.
- Collectively, the projects aim to restore nearly 700km of rivers and protect and provide habitat for 263 species such as water vole, otter, pine marten, lapwing, great crested newt, European eel and marsh fritillary.
- We will run a further round of Landscape Recovery projects for those who want to go further, at a larger scale, to enhance nature alongside food production. Round two pilot applications will open in 2023.

England Woodland Creation Offer

- Landowners, land managers and public bodies can apply to the England Woodland Creation Offer for support to create new woodland.
- The rates for capital payments made for Standard Cost Items and Maintenance Payments have been revised. These changes will come into force by February.
- Standard cost capital items have a fixed price. Examples include the supply of trees, tree shelters, and post and wire fencing.
- The payment cap for Standard Cost Items is being increased by 20% to £10,200 per hectare.
- Maintenance Payments will increase from £300 to £350 per hectare per year.

- The revised rates and cap will be applied to all applications in progress, irrespective of when they were submitted.
- The Forestry Commission will contact existing agreement holders to explain how they are affected.
- EWCO has a pipeline of 4,241 hectares worth of tree planting, of which 2,287 hectares is in agreement. 526 hectares (approximately 893,000 trees) have been planted so far under EWCO (planting figures from Official Stats to September 2022).
- We intend to introduce additional flexibility within EWCO this year to better support participation with the Woodland Carbon Code and carbon finance.
- EWCO is the woodland creation offer that will become part of the enhanced version of CS. We are aiming for a seamless transition for existing agreement holders.
- We think it's important to give this clarity to encourage tree planting now rather than people feeling they should 'wait and see' what the next offer looks like.