

Environmental land management scheme funding for upland areas

Westminster hall debate briefing
May 2023



Background

- Following Brexit, the UK is transitioning from the Common Agricultural Policy (CAP) to the new [Environmental Land Management scheme](#) (ELMs), informed by an upcoming Land Use Framework (LUF). This moves from what was, in effect, a subsidy paid to land managers in function of the land area they occupy, to schemes that pay for public goods, in the form of environmental goods and services.
- This debate looks into the impact of the proposed new schemes on upland areas. Upland areas are a mosaic of predominantly farmed habitats high above sea level.
- Delaying the implementation of ELMs funding for a further two years would [halve its contribution to the fifth carbon budget period \(2028-32\)](#), leaving a substantial gap in the UK's net zero plans.
- Since 1975, the 'Less Favoured Areas' scheme was established by the EU to compensate farmland in more environmentally challenging areas. [Less Favoured Areas are considered to overlap with the uplands](#), although the agricultural processes of the uplands vary significantly by region.

Does the current system work for:

Climate?

- Currently, the farming and land sector is the source of [12% of the UK's carbon emissions](#), and emissions have not meaningfully fallen since the 2008 Climate Act was passed. To reach net zero across the whole economy in the UK, [land use must be carbon negative before 2050](#).
- [70% of land](#) in the UK is used for agriculture and farmed land tends to be a source of emissions. To make the land sector net negative, we need to expand habitats that store carbon, such as woodland, wetlands and species rich grassland. This action should be focused on the least productive land on which it is difficult to make a profit from food production. Farms on the least productive 10% of land in England contribute just 1% to overall production and could [increase their take-home income](#) by focusing more on delivering environmental outcomes.
- Farmed peatland is a large source of emissions. Upland peatlands tend to be low value for food production and when drained for agriculture can contribute to lowland flooding.

Nature?

- The UK is one of the most nature depleted countries in the world. [Since 1970, populations of species of conservation concern have declined by 60%. One in every seven species is threatened with extinction.](#)
- Many much-loved species are in decline. [41% of farmland birds species](#) in the UK have decreased since 1970. The number of [birds breeding in the uplands declined by 17% between 1994 and 2017](#). Furthermore, three quarters of upland species are predicted to be at risk of climate change.

Farmers?

- In the five years from 2015-2020, English farms in Less Favoured Areas (mostly in the uplands) [lost an average of £37,060 a year](#) on food production when unpaid family labour was taken into account. This is mainly because the land is poorly suited to food production.
- Many of these farms only remained in business due to direct payments through the Basic Payment Scheme (which is now being phased out). However, even with this support, [Green Alliance analysis](#) found that if all labour carried out by farming families were paid for, the average farm business in the uplands made an overall loss of £1,270 per year. With a new payments system focussed on rewarding environmental outcomes like carbon sequestration, these farms [could take home £28,000 per year](#) if they changed their business to focus on woodland creation on 50 hectares of the farm.
- Some land is better suited to food production than others. Only the [top 25 per cent of farms](#) in England, most of which are in the lowlands, are profitable from food production alone.

How can land use change benefit all?

- Future farming policy should make a virtue of the fact that natural capital varies enormously across space. The government's forthcoming Land Use Framework, must guide nature restoration and carbon removal towards areas poorly suited to producing food.
- [Green Alliance analysis](#) shows that if farmers were paid a fair price for carbon value of their land, average incomes could rise by at least 20%, including farms on upland peat such as on Dartmoor. This could take place without threatening food security, as Dartmoor is in the 20% of England that produces less than 3 per cent of the food produced domestically.
- [Green Alliance modelling](#) on what it would take to hit net zero, restore nature, and keep producing high quality food suggests that, per year, 2.5% of rural land needs to be converted to native habitat or agroecologically managed farmland to achieve UK nature and climate goals at the least cost.

How can the government use the ELMs schemes to improve land use in the uplands?

- ELM funding should support upland farmers to restore semi natural habitats, like woodlands, peat bogs or heathland if they choose to do so. This will ensure environmental delivery pays where food production doesn't. This could occur across a whole farm, or only on parts of a farm that are best suited to habitat creation, with traditional agriculture continuing unsubsidised on the rest of the farm.
- On the most productive agricultural land, ELM funding can support activity like reducing nitrogen fertiliser, which on average can be cut by a quarter without reducing yields.
- The upcoming LUF should be spatially explicit, encouraging nature friendly, agro-ecological farming and semi natural habitats on low yielding land, while allowing farmers to retain choice around the business model of their farms.

What do voters think?

- [Research](#) commissioned by Fair to Nature finds two thirds (67%) of UK adults are concerned with the decline in the variety of UK wildlife in the last 50 years.
- [Polling](#) by the National Trust, RSPB and WWF in September 2022 found 81% of UK adults believe nature is under threat and that more must be done urgently to protect and restore it.
- Two thirds of the public and [blue wall voters](#) particularly, want to see environmental regulations maintained or increased, with the majority saying they would vote for the party with the most ambitious environmental plans.