

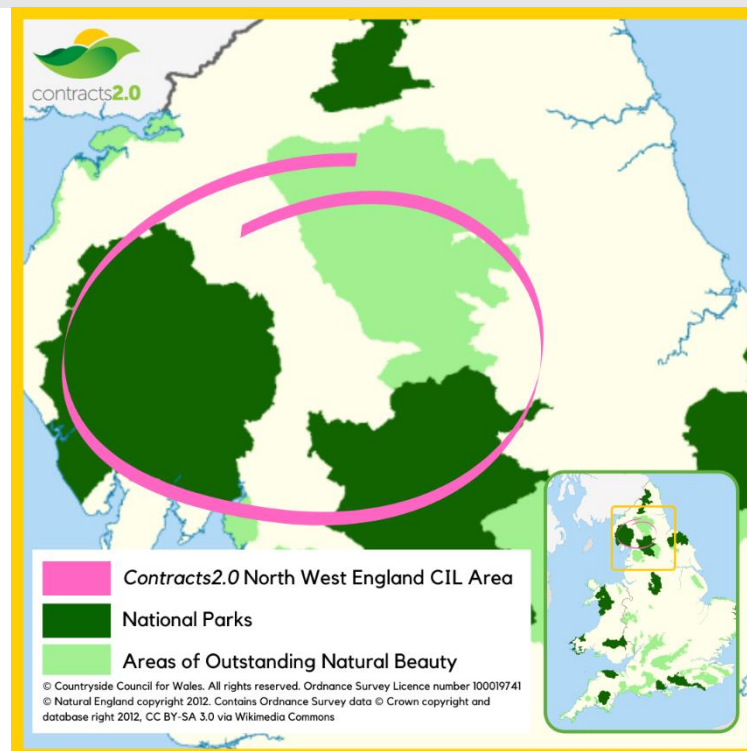
North West England (UK)

The Region

The CIL North West England (NWE) covers a region that is characterised by upland livestock farming, low resident population densities and internationally recognised cultural landscapes. Across the region, there are a range of landscape characteristics, which vary from the mountainous areas of the Lake District National Park to the more open and expansive moorland of the Yorkshire Dales National Park and North Pennines AONB (Areas of Outstanding Beauty). These 3 regions are designated protected areas, where pressures of tourism and public opinion more broadly have intensified scrutiny of farming practices.

As a consequence of the challenging terrain, remote

accessibility, strong cultural ties to local communities and shepherding traditions, in addition to the increased public attention and legislative restrictions in protected areas, the grazing systems of these regions have changed much less dramatically than conventional farming systems over time and have resisted the industrialisation of commercial agriculture which has redefined farming in lowland areas.



The UK Context: Brexit and England's ELM scheme development

Fundamental to the development of CIL North West England has been the unique impact of Brexit and the subsequent development of new agri-environmental policies across the UK. In England, tests and trials have informed the national pilots now being undertaken across the country to prepare for the new Environmental Land Management (ELM) Scheme, which aims to deliver 'public money for public goods' as outlined in the UK Government's Agriculture Act 2020. The new ELM scheme will be delivered across three levels: the Sustainable Farm Incentive (SFI), Local Nature Recovery (LNR) and Landscape Recovery (LR). You can find out more information about these three schemes [here](#).

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Objective

General

Due to the development of the new ELM scheme and the co-design approach taken by government, and the subsequent considerable demands upon farmers, land managers and other rural organisation across England during this time, the approach of our CIL has been to ‘add value’ to existing projects rather than to create a separate project running alongside ELM scheme development. In our CIL, we are focusing on the potential impact that innovative contract solutions relating to results-based payments and collective approaches could have in the Local Nature Recovery element of ELM, which is most likely to replace the current Countryside Stewardship Scheme.

Targeted Public Goods

The various ELM projects with which we have engaged over the course of the CIL are mainly focused upon how biodiversity and cultural heritage elements can be improved and maintained through results-based and collective land management approaches. The most notable biodiversity targets have related to upland management of native wildflower species and habitats for wading birds. Farmers are also very interested in the maintenance of important elements of cultural heritage such as dry-stone walls, sheep hefting, sensitive native tree-planting and the protection of historical features such as traditional barns and archaeological features. Several of the longer-existing approaches we have worked with are also targeting water improvements such as natural flood management.

Methods & Results

The approach of our CIL work has been to aid and add value to existing innovative projects and ELM pilots rather than to set up our own project. We felt this approach was a more realistic and prudent use of our stakeholders’ time, given the pressures facing farming communities to contribute to a wide range of ELM scheme tests, trials, and pilots alongside the research projects which supplement this work.

We have used a variety of methods to develop our contract ambitions – these are new dimensions which our CIL and PIL research indicates would be valuable additions to the ELM scheme, particularly within Local Nature Recovery. Firstly, we have analysed comments from our stakeholder workshops with CIL (2019 and 2021) and PIL (2021, forthcoming 2022) members. Secondly, when COVID-19 inhibited our in-person meetings, we gathered data through remote in-depth qualitative interviews with CIL members (2021, 2022) and an online PIL webinar (2020). Thirdly, we have attended numerous events relating to other ELM trials and research projects to collect further qualitative data. Finally, we have examined existing ELM update reports, journal articles and other grey materials relating to English agri-environment schemes in the uplands.

The CIL in Northwest England broadly examines both payment by results (PBR) and collective approaches. The approaches hold particular potential in the protected, upland environments of Northern England where we are working. Results-based

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approaches offer relative simplicity and flexibility which are highly valued by upland farmers: the administration and evidence provision in PBR can be less complex than other intensive environmental contracts such as Higher-Level Stewardship agreements, and PBR approaches enable farmers to work more responsively in relation to their own land and weather conditions than conventional prescribed management schemes. Collective approaches are based on catchment or landscape scale delivery of environmental public goods. Such approaches are particularly prudent in protected landscapes, where institutions are particularly keen to realise broader scale management of upland environments, and much of this management is already collective due to the grazing rights held by multiple upland farmers on open fells / moorland habitats. Many upland farmers consider the management of common land as a collective endeavour which expands beyond catchment boundaries.

Schemes operating under DEFRA's Future Farming and Countryside Programme 2021 to 2028

(adapted from The Environmental Land Management scheme National Audit Office Report September 2021)

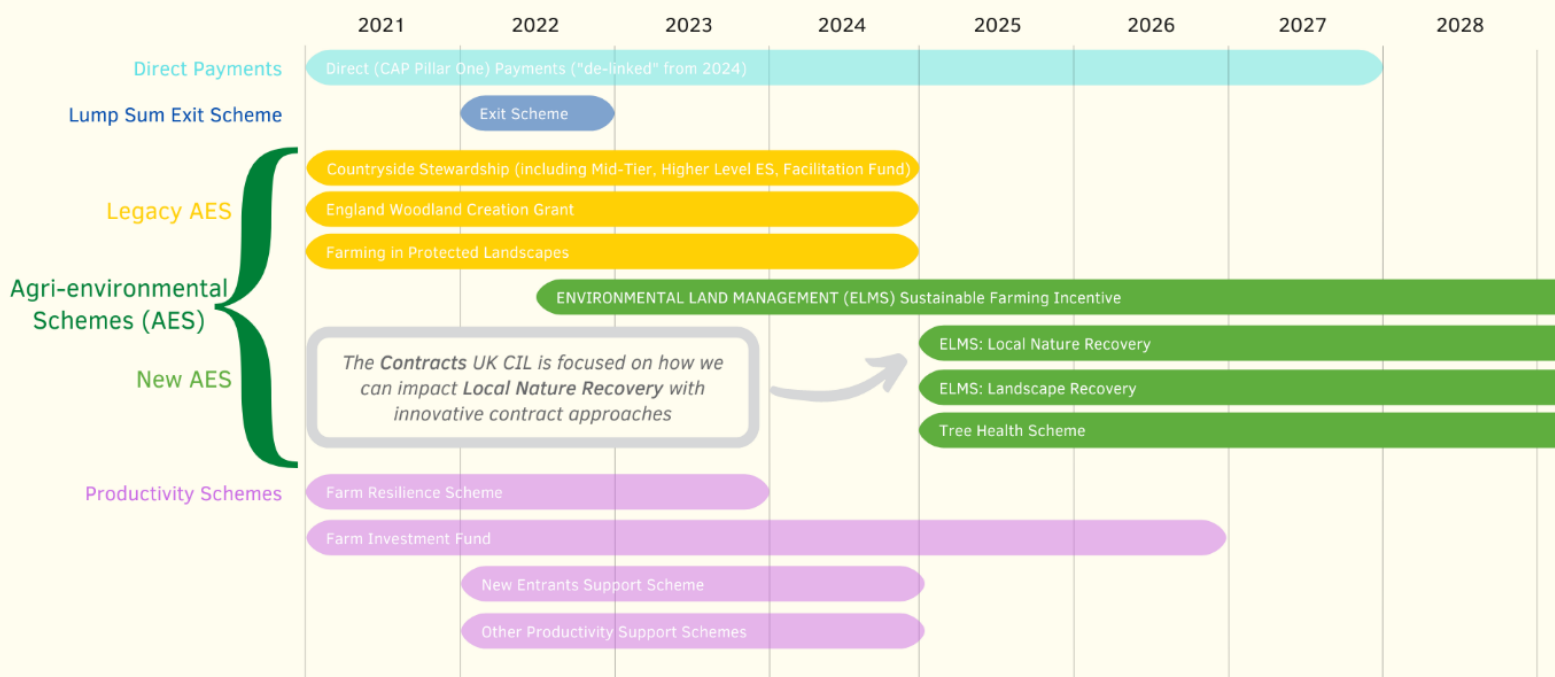


Figure 1. Schemes under DEFRA Programmes and where CIL NEW aims to contribute to

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Potential Contract Solution (“Dream Contract”) Results-based Dimensions in Local Nature Recovery

Objective

In our CIL, we are focusing on the potential impact that innovative contract solutions relating to results-based payments and collective approaches could have in the ‘Local Nature Recovery’ element of ELMS, which is most likely to replace the core elements of the current Countryside Stewardship Scheme. In our “dream contract” studies, we have concentrated on exploring how results-based contracts may be best integrated into ELMS for upland farmers, alongside potential hybrid and collective dimensions. Upland farmers want to see more flexibility and simplicity in their agri-environment schemes. These elements can be provided through a payment by results contract. Existing PBR tests have successfully focused on species rich hay meadows (biodiversity) and creating habitat for wading birds (supporting declining farmland birds) but with potential to broaden out to other targets. These contracts would provide incentives to: i) reduce intensity of land management and compensate for the lower yield, ii) lower nutritional value of feed produced, and iii) include additional management activities (e.g., seeding wildflowers, maintaining wader scrapes). However, farmers are also nervous about the potential financial vulnerability of PBR schemes, and so ‘hybrid’ contracts, with an action-based minimum baseline in return for a base payment, aim to utilise the ‘best of both’ mechanisms for farmers and for nature.

Contract Type

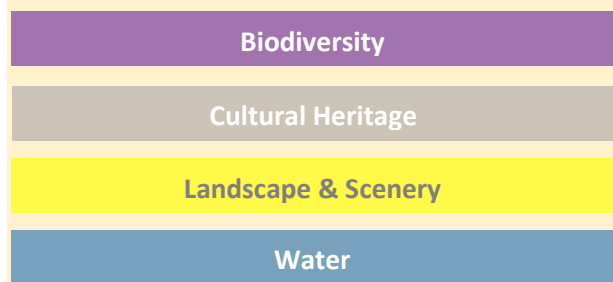
- PES / Agri-environment- and climate measures



Contract Features

- Results- based Payments
- Collective Implementation
- Hybrid Contracts

Targeted Public Goods



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Measures

In hybrid contracts, the majority of management decisions are made by the farmer. However, in return for a baseline payment, some rules or basic prescribed practices remain. Common farmer-led management practices include one cut for hay in late July, reseeding wildflowers or plug plants, spot spraying or hand pulling of unwanted plants (thistle, docks, nettles), rush cutting, non-repair of blocked drains, maintaining wet features such as ditches, scrapes and/or ponds. Minimum action-based rules are being considered. Farmers would need to agree these in exchange for a baseline payment, for example, minimum cutting dates.

Actors & Structure

There are multiple key actors involved in the development of hybrid payment-by-results schemes. The farmer has the most control of their decision making regarding their land management. Local scheme officers (from National Park Authorities, Natural England) have also been key in negotiating and enabling a) the minimum action-based management and b) farmer training for effective habitat management and species identification, and c) assessing habitat scores (often with farmers) for payment levels.

For broader scheme uptake, more PIL-level stakeholders such as DEFRA and the Rural Payments Agency (RPA) will be vital stakeholders to identify key policy and manage payment mechanisms through which the contract can be implemented across more environmental targets and more farming landscapes, thus becoming more integral to the Local Nature Recovery scheme.

Contract Duration

The Local Nature Recovery (LNR) scheme within ELMS will likely replace the core agreements which constitute the current Countryside Stewardship scheme. Hybrid PBR schemes will ideally be utilised as a part of the medium to longer-term options within LNR, and therefore will need to run for between 5 and 10 years.

Payments

Upland farmers will need to fully utilise agri-environment schemes to ensure the continued economic viability of their farms. The extensive nature of upland sheep and cattle grazing is less profitable than more intensive, lowland farming, however these landscapes also have more potential for funding through the delivery of environmental public goods. With the continued and eventual complete withdrawal of Basic Payment in the UK by 2027, upland farmers in England need to see more funding from agri-environment schemes to compensate for the significant loss of income. The figure below demonstrates how hybrid schemes add a baseline payment level to a PBR approach. Farmers receive a small, guaranteed income level in return for some minimal mandated management practices. Nonetheless, the objective is that farmers will be incentivised to aim for higher payment levels through conducting further management practices which ensure their habitats are of the highest quality possible. The current schemes have 5 payment tiers, which increase in payment per hectare as habitat quality improves.

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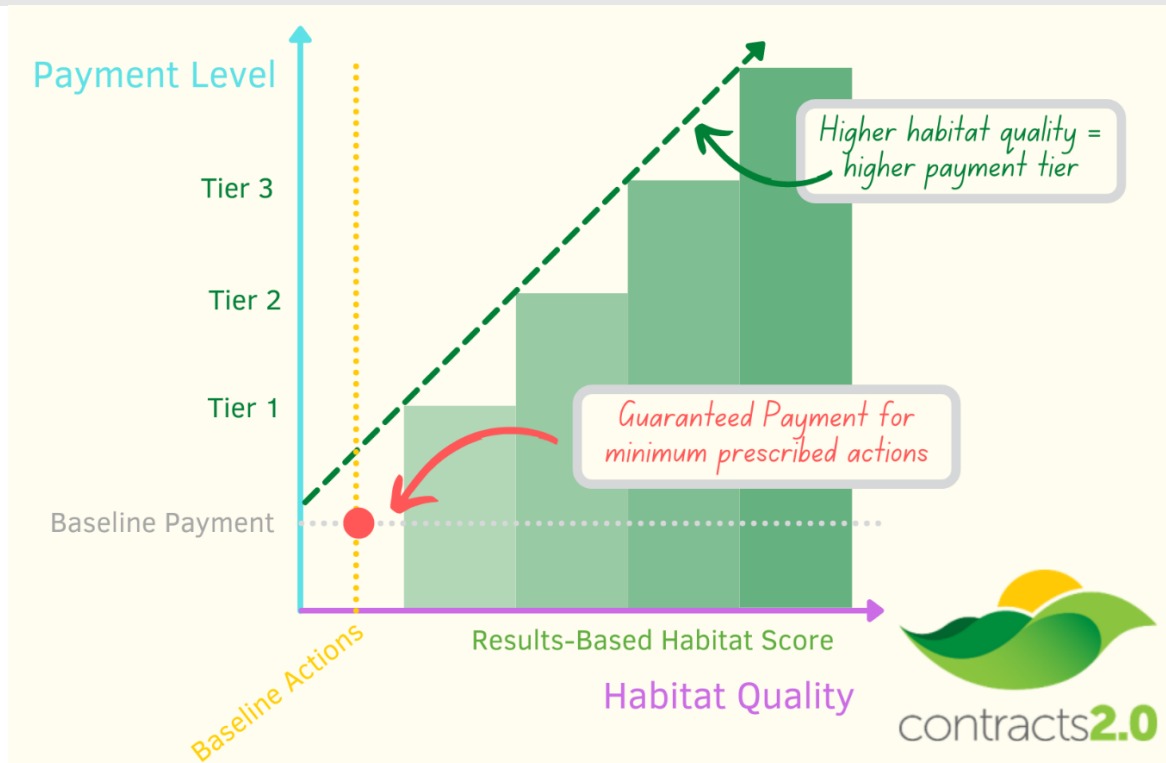


Figure 2. Hybrid schemes add a baseline payment level to the Payment-by-Result scheme

There are further potential innovative elements which could be incorporated into hybrid PBR payments. Firstly, more holistic, ‘whole farm’ type payments could reward farmers for the maintenance of traditional boundaries and buildings, such as dry-stone walls and hay barns in and around their contracted land parcels. These payments would generally be for maintaining good condition of these features, however due to the cost of maintaining such features the payment would need to be significant.

Secondly, bonus collective or landscape-scale payments could reward larger groups of farmers for results which are the result of farmers’ actions but which they cannot control. For example, farmers might receive collective payments for target species bird numbers, on top of the individual payments they receive for delivering suitable habitats for the target species.

Controls & Checks

Results will definitely be monitored as they are the basis for payment. For the pilot, the monitoring of management practices can be useful to identify the links between management and outcomes, however, it also requires more resources (currently not decided yet). For hay meadows the results are based on the presence of particular plant species along a transect survey line across the Agreement Land and an overall assessment of whether the Agreement Land has been affected by damaging activities. During the survey the assessor will record the presence of positive species (flowers and grasses typically found in traditional hay meadows) and negative species (undesirable species such as common dock and cow parsley). Each species is given a point score (positive or negative value) and the individual scores are then added together to give a total. (Timing: before hay is cut and majority of plant species are in flower, i.e. late June to late July)

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For the waders the results for breeding wader habitat are judged by assessing vegetation height, cover of rush, extent and quality of wet features and the extent of any damage to the sward from poaching, machinery movements etc. (Timing: May to early June).

Currently the farmer and advisor (and very limited external volunteer monitoring). There is scope to see if volunteer monitoring can be extended and used to build relationships between farmers and locals?

It is likely that the Yorkshire Dales National Park farm team will act as advisors and will support the monitoring. Payment Management might be done via Natural England (not clear yet). Also not clear as of yet is, if there will be a third party that controls the monitoring body (e.g., an accreditation body, an independent public body, etc.). There is a will to explore drone or other photographic evidence for rush cover or wetness.

Expected Benefits

Social/Ecological Advantages

The key ecological and public benefits relate to the maintenance or improvement of biodiversity, specifically species richness (wildflowers) in hay meadows or vulnerable wading bird numbers in the two targets currently tested.

There is scope for hybrid PBR contracts to be implemented across a broader range of biodiversity, cultural heritage, water and soil measures. The options might vary across different farming landscapes within England and could potentially learn from innovations in Irish schemes about the development of adaptable score cards which help the public and the farmers to see progress within the schemes.

The increased provision of environmental public goods at varying scales across the uplands will improve the quality and quantity of ecological cores and corridors which can be enjoyed by the public.

Advantages for Farmers

The key benefits for farmers of hybrid PBR approaches are the potential for increased amounts of high-tier payments for high quality provision of public goods, which will make up for some of the significant gap in income left by the removal of BPS, thus enabling small family farms to continue. This approach recognises the quality of the goods that farmers provide rather than payments for practices which farmers may often disagree with but feel they need to undertake for the income.

There is thus an important enhanced empowerment through PBR from the ability to make their own decisions about how their land can best deliver environmental public goods. For example, farmers have the flexibility to make the most of good weather for cutting (e.g. hay timing after a single cutting date prescription rather than multiple cutting restrictions).