

Environmental Improvement Plan

Update for Farmers

What's in England's Environmental Improvement Plan 2023?

The 25 Year Environment Plan (25YEP) (originally published in 2018) became England's first Environmental Improvement Plan when the Environment Act 2021 came into force. The Act obliges government to update the plan every five years, and the second Environmental Improvement Plan (EIP23) has just been published. It is a comprehensive document describing the plethora of policy actions that have been taken to improve nature since 2018, and committing government to many more that will be of great interest and relevance to land managers. The most interesting parts of EIP23 are new interim targets, often for 2028, that indicate the scale of ambition of the government's commitment to environmental improvement and, of more relevance to farmers, the likely focus of Defra's land management policies in the near term. The document is admirably systemic, acknowledging the interdependency of many of the targets and the need to intervene in supply chains and skills bases to produce the necessary outcomes. This briefing note gives an overview of EIP23 commitments, but we start with a summary of the key headlines for farmers.

EIP23 Headlines for Farmers:

- **Soil Health plan:** Since Defra announced in autumn 2022 that an anticipated Soil Health Action Plan for England had been shelved, it has been unclear how the critical issue of soil health policy was going to be tackled. However, EIP23 contains the framework for a soil health plan for England. It is clear that most soil focussed activities will be funded through Sustainable Farming Incentive (SFI) Standards or Countryside Stewardship, but EIP23 also sets out a new commitment to develop a comprehensive soil baseline dataset. This is a welcome step forward on soil health and brings England more in line with the approaches being taken in Scotland and Wales.

Defra makes several commitments in the soil health section. It wants to publish a baseline map of soil health for England by 2028 and to introduce a new soil health indicator against which progress can be judged nationally; no detail is offered yet on what this might contain. The approach indicates that farmers will be required to establish their own soil health baseline so soil improvement can be assessed at farm level. A consistent methodology for land managers to use will be developed as part of this. All of this should help farmers in England understand what government is asking of them regarding soil health and how participation in schemes such as SFI or soil carbon markets could help farmers make improvements in – or sustain - soil health at farm level.

- **Focus on funding for Woodlands:** Government has increased the target for tree planting in England: tree canopy and woodland cover will be 16.5% of total land area by 2050, an additional 250,000ha of trees. This is needed for England's net zero ambitions and species abundance targets. 34,000ha will be needed by 2028 to meet this long-term goal. However, land managers should also note the extensive range of commitments to improve the management, supply chains and skills bases relating to woodlands in England. Increasing the amount of productive forestry by increasing the amount of timber used in construction features strongly, through innovation funding and government sourcing policy. A timber in construction policy roadmap can be expected shortly, to safely increase the use of timber in construction in England. Investment in tree nursery capacity is also expected, as well as investment in skills and technical knowledge through a Forestry Training Fund and the Professional Forester scheme. There is an intention to clarify the tax treatment of trees and woodland for landowners, but it is unclear in what respect. Agroforestry is targeted for 10% of all arable land in England by 2050, delivered through an SFI standard for agroforestry expected in 2024. A new tree health resilience strategy is expected to help improve the resilience of woodlands, but woodland managers will welcome the announcement of a national deer management strategy and grey squirrel action plan in 2023. In relation to private finance for woodland creation, EIP23 sets out an ambition to include greenhouse gas removals through Woodland Carbon Units in the UK Emissions Trading Scheme – a government response to the June 2022 consultation on this is expected imminently.
- **Approach to regulation:** While EIP23 sets out a very broad range of funding mechanisms intended to pay farmers and land managers to deliver for nature, it is important to be aware of the approaching 'stick' of regulation for pollution.
 - o On goal 2 (clean air), government is considering extending environmental permitting to dairy and intensive beef units. Emissions from pig and poultry farms have fallen by around 30% since permitting

conditions were introduced, and dairy and intensive beef contributed nearly half of agricultural ammonia emissions in 2020. A consultation will be launched this year; farms close to sensitive areas can expect tougher standards. An additional £13m will be available for slurry storage infrastructure in 2023 and additional measures to tackle ammonia emissions from biodigesters are signalled.

- On goal 3 (water), farmers have a new interim target for reducing nitrogen, phosphorous and sediment pollution from agriculture by 10% compared to 2018 by 2028 (15% for catchments containing protected sites). Much more rapid improvement is expected after that as a critical mass of practices are adopted and infrastructure upgraded. Action will be delivered by paying farmers through the new ELM schemes, offering grants to improve slurry storage and management, and an expanded Catchment Sensitive Farming offer with an additional £30m of funding for advice and investment. However, EIP23 also pledges expanding and targeting farm 'visits' to ensure farms are meeting legal standards. The suggestion is that enforcement will be stepped up once the short term investment intervention in infrastructure has been made, suggesting farms have a limited window to access funding to upgrade slurry management. The number of inspections will increase to 4,000 per year, targeting catchments in unfavourable condition. Farming regulations (e.g. cross compliance) will be reviewed to ensure they are fit for purpose.
- EIP23 also signals a change in approach from government towards greenhouse gas emissions from farming. The paper states that regulation to reduce the annual 27.3 MtCO₂e emissions burden from agriculture will be used 'where appropriate and necessary', followed by payments for actions above and beyond regulatory requirements. Defra will monitor the uptake of beneficial actions through ELMs options, but the intent to monitor reductions against carbon budgets and 'introduce further measures as necessary to reduce and sequester emissions in these sectors' is an interesting progression of government intent. To support the development of private markets and eco-labels, a standardised methodology on the calculation of carbon at farm level is to be agreed, which will be a welcome step forward for farmers facing a plethora of schemes and certifications; however, this will also prepare the industry for possible inclusion in the UK Emissions Trading Scheme. Tougher regulation seems to be inevitable.

Detail of EIP23

9 ambitions and a pinnacle ambition

The 25YEP sets out 10 separate policy goals relating to the natural environment of England (most environmental legislation is devolved; chemicals and trade are notable issues dealt with in the EIP of national relevance). EIP23 reframes these goals, making it clear that nine of the goals feed into the 'apex goal' of 'thriving plants and wildlife'. We set out the new and updated policy actions and targets of relevance to farmers and land managers for each goal below. Most of the targets in each goal of EIP23 are pre-existing and some detail is given of progress made and case studies. The indicators of progress will be judged through an Outcome Indicator Framework, with 66 separate indicators; progress will be assessed and published annually.

Goal 1 – thriving plants and wildlife

It is clear from EIP23 that government realises both the fundamental dependency that we all have on nature and that farmers have a major role to play in enabling it to meet the numerous targets for nature. The first goal, to halt the decline of species by 2030, is the 'apex target', meaning that, to be successful, progress has to be made on the other long-term environmental targets and commitments in EIP23.

Within goal 1 there are multiple targets. For SSSIs, a new interim target is created for all SSSIs to have an up-to-date condition assessment and for 50% of SSSIs to be on track to achieve 'favourable' condition by 2028. In addition to the existing pledges to restore 500,000ha of wildlife rich habitat by 2042 and to protect 30% of land and ocean by 2030, there is a new interim target to restore or create 140,000ha of wildlife rich habitats by 2028. Farmers will also be supported to create or restore 30,000 miles of hedgerows a year by 2037, eventually returning England's hedgerows to 10% above their 1984 peak of 360,000 miles.

Action on goal 1 will be predominantly through the three tiers of ELMs, with the intention that 65-80% of landowners and farmers will be adopting 'nature friendly farming' on at least 10-15% of their land by 2030. There are separate targets for farmers to be contributing at least 50% of the SSSI goal and at least 80% of the wildlife-rich habitat goal. The role that various private and public sources of funding will have is made clearer. Farming in Protected Landscapes (FIPL) funding is extended by £10m a year to 2025, mandatory BNG is confirmed for November 2023, new Local Nature Recovery Strategies (LNRS) are given more detail, and a new multi-million pound Species Recovery Strategy has been launched. This strategy encompasses a fund specifically aimed at the 2030 species abundance target. It will use species conservation strategies to identify measures to protect at risk species, and government will work with stakeholder organisations to target 215 species across 93 projects, including iconic

species such as curlew and red-backed shrike. Secondary legislation and statutory guidance on LNRS is expected ahead of a national rollout in April 2023.

Mobilising green finance: The government restates its commitment to raise £500m in private finance for nature every year by 2027. To address the teething problems with green finance, the EIP23 proposes that principles for the development of high-integrity nature markets will be published as part of the Green Finance Strategy expected in spring 2023, as well as a suite of investment standards. Landscape Recovery is still the primary delivery vehicle for building a pipeline of investible projects, as well as seed funding through the £30m Big Nature Impact Fund. A new Local Investment in Natural Capital programme will enable local authorities to attract private investment into their environmental priorities. Scaling up other voluntary nature-based solutions markets through strengthening standards and governance is mentioned, as is increasing the amount of woodland planted near watercourses, using private finance.

Goal 2 – Clean Air

The 25YEP goal is simply ‘to achieve clean air’. Most of the actions here focus on urban environments and industrial emissions, but ammonia emissions from agriculture are a priority - farms are responsible for 87% of UK ammonia emissions. Actions will be targeted through ELMs including through the new Nutrient Management SFI Standard.

Goal 3 – Clean and Plentiful Water

The 25YEP goal to improve water quality so that 75% of waters are as close to their natural state as possible will require some fairly deep transformations of existing regulatory frameworks and infrastructure (see our [Water Spotlight](#) for context). Many of the targets focus on water companies and developers, but much will be of relevance to land use and farmers, from tackling diffuse pollution to creating drought-resistant water storage infrastructure for irrigation. A target for reducing the use of the public water supply will also apply to agriculture, with government committing to abstraction and water licensing reform and a goal for the amount of water storage on farms to increase by 66% by 2050. There is a commitment to nutrient neutrality solutions, with government wanting to rapidly increase the supply of mitigation credits to enable development.

Goal 4 – managing exposure to chemicals and pesticides

Most of the actions in this goal relate to industrial chemical usage, but as primary users of agricultural chemicals and pesticides, farmers should be aware that a new chemicals strategy is likely in 2023 to set out the UK’s post-EU regulatory framework for chemicals along with a revised UK national action plan for the sustainable use of pesticides. A transition to the adoption of Integrated Pest Management will be encouraged via a new SFI standard.

Goal 5 – maximise our resources, minimise our waste

This goal focuses on municipal waste, for example through the launch of a new deposit return scheme, improving reporting of food waste by large businesses and strengthening measures to tackle waste crime.

Goal 6 – using resources from nature sustainably

The UK’s natural capital was valued at £1.8 trillion in 2020, and goal 6 focusses on how this resource base is used to meet the needs of supply chains. The overall commitment is to ‘deliver a sustainable, nature positive, affordable food system that provides choice and access to high quality products’, along with bringing 40% of England’s agricultural soil into sustainable management by 2028, creating sustainable timber supply chains, and halting forest loss and land degradation globally by 2030. Government restates its commitment to delivery of the food strategy (see our [briefing note](#) for more detail of the strategy), with the aim to support healthier and home-grown diets for all, supported by international trade to provide food security. There is a further intention to use trade agreements and trading relationships to support the UK’s ambition on sustainable supply chains, building on our existing commitments to tackle illegal deforestation in supply chains, but without further detail on what this will mean in practice. Secondary legislation requiring food businesses using commodities from deforested land to undertake and disclose due diligence is imminent. This may have consequences for animal feed and ingredients businesses. A mandatory methodology for eco-labels on food products is also coming, to allow consumers to have confidence in food labelling, and government says it is developing an updated approach to public sector food and catering.

Goal 7 – mitigating and adapting to climate change

Mitigating climate change remains the key objective here, while adapting to reduce its impact; net zero by 2050 remains the overall target and the crucial role of nature-based solutions in achieving this is confirmed. The third National Adaptation Programme will be published in 2023 setting out the UK’s five year strategy for building climate resilience, and the widely reported Environmental Land Use Framework is also expected in 2023 to set out how the multiple demands on land will be managed. The new farming schemes are the primary vehicle through which farmers will be paid to mitigate climate related impacts, whilst the step up in approach to regulation should be noted. EIP23 also contains several improvements to the offer for lowland peat.

Goal 8 – reduced risk of harm from environmental hazards

EIP23 contains a couple of targets in goal 8 of relevance to land managers, including a goal to double the number of government funded projects using nature-based solutions to reduce flooding and coastal erosion, and measures to improve our resilience to droughts. Most of this section is of primary relevance to planners, developers, coastal communities and local agencies; there is a broad overlap with goal 3 on water.

Goal 9 – enhancing biosecurity

EIP23 commits government to publish a five year plant biosecurity strategy for Great Britain, to mitigate plant health threats from supply chain imports, and to revise the tree health resilience strategy. Government also commits to eradicate bovine TB from England by 2038 and to tackle invasive non-native species, including an update to the Grey Squirrel action plan.

Goal 10 – enhancing beauty, heritage and engagement with the natural environment

Many of the EIP23 commitments build on existing programmes and are intended to maximise access to green and blue space, delivered through local authority partnerships and urban design. The headline commitment is to ensure that anyone can reach green or blue space within 15 minutes of their front door, relying on permissive access in rural and urban settings, as well as incentivising public access to woodlands and increasing urban tree cover. A new National Landscapes Partnership will enable National Parks, AONBs and National Trails to collaborate on public access, skills and private finance, and AONBs will be rebranded as National Landscapes. The popular Farming In Protected Landscapes scheme (FIPL) for farmers in protected landscapes will be extended with an additional £10m of funding each year to 2025, and government has committed to extending green social prescribing more broadly and introducing a new GCSE in Natural History.

Summary

If we were in any doubt about the government's aspirations for a green and pleasant land, the EIP23 shows us that it means business. It is clear that ELM will be the primary vehicle through which farmers and land managers will be rewarded and judged for their environmental impact, underlining the collective need for farmers to get on board with the direction of travel. Common complaints about the lack of a baseline for soil health seem to have been heard, and the combination of self-determination and standardised frameworks will be welcomed sooner rather than later. The wake-up call to agriculture in EIP23 relates to future regulation, with strong signals towards increased and more targeted 'visits' to farms to address pollution and through what seems to be an increasingly tough approach on agricultural greenhouse gas emissions.

Landowners and farmers need to be aware that they seem to have a relatively short window to revolutionise the infrastructure of farming in England to make it compatible with a net zero, nature positive future; and government needs to be aware of the nuances of the occupation of land and tenure when designing and creating schemes for the necessary capital investment to achieve the same.

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