

Biodiversity Net Gain – the opportunities and challenges

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The NFU, who we are and what we do



It's a volatile time for farming

- Over **4.5 years since the vote** (23 June 2016)
- **3 Prime Ministers** (David Cameron, Theresa May and Boris Johnson)
- **5 SOS** (Elizabeth Truss, Andrea Leadsom, Michael Gove, Theresa Villiers and George Eustice)
- New Agriculture Act and evolving Environment Bill, the **end of CAP**
- New **Trade Deals**
- **Covid 19** – supply and demand (retail and service sector)

MATT



'I'm studying politics. The course covers the period from 8am on Thursday to lunchtime on Friday'



ELM Sustainable Farming Incentive (SFI)

National Pilot

SFI in ELM

ELM Local Nature Recovery (LNR)

BPS claimants & phased in

National Pilot

LNR in ELM

ELM Landscape Recovery (LR)

National Pilot

LR in ELM

ELM Tests & Trials

Continues testing and review

New Countryside Stewardship Agreements

1/1/2024 last start date

Basic Payment Scheme

Reducing BPS payments until final payments in 2027

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/939683/farming-changing.pdf

Filling the shortfall in income – paying the bills?

- **Phasing out Direct Payments** - phase out from 2021 to 2027.

The following table shows how payments will be reduced from 2021 to 2024.

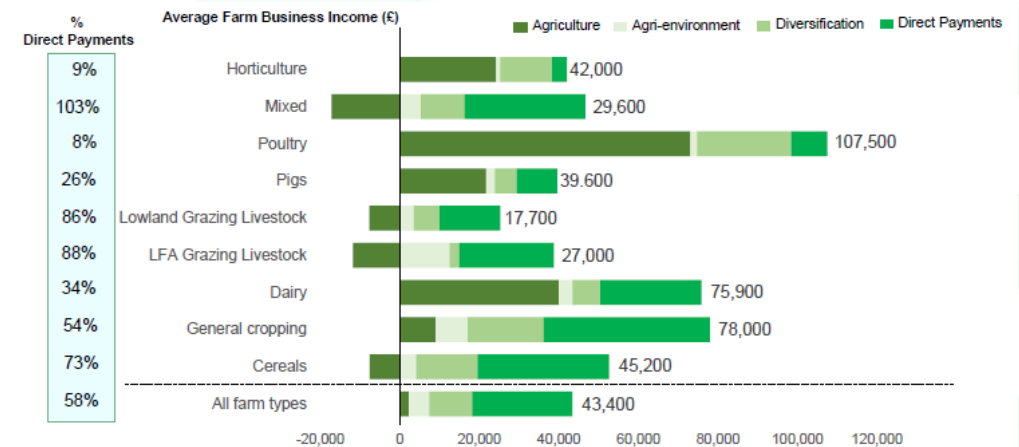
Payment value before progressive reductions	2021 payment	2022 payment	2023 payment	2024 payment
£5,000	£4,750	£4,000	£3,250	£2,500
£10,000	£9,500	£8,000	£6,500	£5,000
£20,000	£19,000	£16,000	£13,000	£10,000
£40,000	£37,500	£31,500	£25,500	£19,500
£80,000	£70,500	£58,500	£46,500	£34,500
£160,000	£134,000	£110,000	£86,000	£62,000

Payments will be reduced each year until the final payments for the 2027 scheme year. No further BPS payments or delinked payments (see below) will be made after the 2027 scheme year.

Source:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/939683/farming-changing.pdf

- **Average Farm Business Income and Support (2015/16 to 2017/18):**



- Over 70% of Farm Business Income came from Direct Payments for cereal, grazing livestock and mixed farms

Source:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/834432/evidence-compendium-26sep19.pdf

Farming, Food and the Environment

- Farming is the bedrock of the UK's largest manufacturing sector, food and drink, which contributes over £120 billion to the country's economy, employing over 4 million people
- 65% of all farm businesses in England also run other enterprises - such as farm shops, wedding venues and B&Bs - generating an income of £740 million, in 2018/19, to the UK economy
- Self-sufficiency has declined steadily for more than 30 years since its peak in 1984. Then the UK food self-sufficiency stood at 78%. UK self-sufficiency is currently at 64%

Farmland is the destination of 48% of visits to the natural environment in England –

around 4.1 billion visits every year

16,820 farmers across the UK

use an Integrated Pest Management Plan covering an area approximately 4.4 million hectares.



47,000 hectares of buffer strips

protecting water courses and features¹⁶



10,000 football pitches of wildflower habitat

have been planted, creating homes for bees and food for insects



Biodiversity Net Gain

- The NFU supports the concept of net gain in principle, though agricultural developments should not have the additional costs of net gain imposed, when the development has wider environmental benefits, for carrying out their normal farming practices or the land is already delivering high environmental benefit
- Net gain provides an opportunity going forward – especially where it complements traditional farm outputs and new opportunities (payments for public goods, carbon, etc.)
- Care will be needed to ensure BNG activities do not themselves create BNG costs – newt ponds
- BNG or Conservation Covenants? – what happens at the end of the 30 years – liabilities, restrictions or regulation?
- Financial rewards need to be appropriate for the long term commitment – inflation should be addressed



Biodiversity Net Gain

- Force majeure – with climate changes a likely increase in incidents (habitat destruction, etc.)
- Managing damage by inappropriate use, trespass and crime
- The role of Local Nature Recovery Strategies – are the spatial mapping element driving net gain
- How are land managers accurately and adequately represent “what can be achieved on the ground”
- A farmer should have a choice of who to contract with (land lord, tenant relationships?) and a monopoly situation of one broker must be avoided at all costs
- If the contract arrangements are unfavourable then farmers will not step forward to be providers which will hinder the efficient operation of the market



Thank you