EXPLANATORY MEMORANDUM TO

THE COUNTRYSIDE STEWARDSHIP (ENGLAND) (AMENDMENT) REGULATIONS 2022

2022 No. 141

1. Introduction

1.1 This explanatory memorandum has been prepared by the Department for Environment, Food and Rural Affairs ("Defra") and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 This instrument increases the payment rates for some Countryside Stewardship management activities, all of which make environmental improvements, in domestic agreements entered into since the UK left the Common Agricultural Policy. Defra has carried out a review of payment rates to ensure that they reflect the costs incurred and income foregone by scheme participants. Where payment rates have increased, existing domestic agreement holders will receive the new higher rate, ensuring that they are fairly compensated for their work and not financially disadvantaged when compared with new entrants to the scheme.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Extent and Territorial Application

4.1 The extent of this instrument is England and Wales.

4.2 The territorial application of this instrument is England.

5. European Convention on Human Rights

5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation no statement is required.

6. Legislative Context

6.1 Existing domestic Countryside Stewardship agreements operate under the Countryside Stewardship (England) Regulations 2020 ("the 2020 Regulations"). This instrument amends the 2020 Regulations to increase the payment rates for some management activities so that existing agreement holders can benefit from the new, higher payment rates to reflect the increased costs and income foregone from carrying out the activities.

7. Policy background

What is being done and why?

7.1 Countryside Stewardship agreements were first offered through the Rural Development Programme for England in 2015, part of the European Union's ("EU")

Common Agricultural Policy. Following EU exit, a domestic Countryside Stewardship scheme was launched under the 2020 Regulations with the first application window opening in February 2020. Both schemes provide funding for farmers, woodland owners and land managers to make environmental improvements through activities such as: conserving and restoring wildlife habitats; managing flood risk; creating and managing woodland; reducing water pollution and encouraging educational access by hosting school visits.

7.2 Countryside Stewardship revenue agreements last for either 5, 10 or, in some circumstances, 20 years. Agreement holders receive a set annual payment each year, providing they carry out all of the land management activities specified in their agreement. Both EU and domestic agreements are currently live.

7.3 Each management activity has an associated payment rate, which have largely remained unchanged since 2015. Consequently, a review of the Countryside Stewardship payment rates was carried out in 2021 to ensure that they continued to reflect the costs incurred in carrying out the activities and were consistent with payment rates for similar activities in new agri-environment and land management schemes that Defra intends to offer in the Agricultural Transition period. During the Agricultural Transition the schemes and subsidies of the Common Agricultural Policy will be phased out and a domestic policy for farming and the countryside in England will be introduced.

7.4 The next application round for Countryside Stewardship revenue agreements opened in February 2022 with the agreements starting on 1 January 2023. These agreements will contain the new payment rates. Existing Countryside Stewardship agreement holders, both EU and domestic, will also receive the new rate from 2022 onwards if it is higher than the rate set out in their agreement. Where the rate has fallen as a result of the review, the rate set out in the original agreement will be honoured for its duration. This ensures that agreement holders continue to be fairly compensated for the work they carry out. This instrument amends the payment rates for existing domestic Countryside Stewardship agreement holders. The payment rates for existing EU agreements have been amended through a programme modification to the Rural Development Programme for England.

7.5 On average, payment rates have risen by 30% as a result of the review. The Government has committed to guaranteeing the current annual budget to farmers in every year of this Parliament and reductions will be applied to Direct Payments until they are phased out completely in 2027.[1] The funding released from reductions in Direct Payments will be re-invested into delivering other schemes, including the Countryside Stewardship payment rate increases.

8. European Union Withdrawal and Future Relationship

8.1 This instrument does not relate to withdrawal from the European Union.

[1] Defra's Agricultural Transition Plan (The Path to Sustainable Farming: An Agricultural Transition Plan 2021 to 2024 (publishing.service.gov.uk)) and Agricultural Transition Plan Progress Update (Agricultural Transition Plan: June 2021 progress update - GOV.UK (www.gov.uk)) provide more information on Direct Payments reductions and how these will occur.

9. Consolidation

9.1 Defra does not intend to consolidate the legislation at this time.

10. Consultation outcome

10.1 The changes to payment rates have been discussed with stakeholders at the Rural Payment Agency's Agri-Environment Stakeholder Working Group and Defra's Rural Development Programme for England Programme Monitoring Committee whose members include the National Farmers Union, Country Land and Business Association, Royal Society for the Protection of Birds, Tenant Farmers Association and the National Trust. Stakeholders were supportive of the proposed changes.

11. Guidance

11.1 The Countryside Stewardship manuals and online guidance will be updated to reflect the new payment rates.

11.2 Existing agreement holders will also be contacted to inform them of the change in payment rates.

12. Impact

12.1 There is no, or no significant, impact on business, charities or voluntary bodies.

12.2 There is no, or no significant, impact on the public sector.

12.3 A full Impact Assessment has not been prepared for this instrument because participants in the Countryside Stewardship scheme receive financial assistance in the form of grants and their payments will not decrease as a result of this instrument, they will either increase or stay the same.

13. Regulating small business

13.1 The legislation applies to activities that are undertaken by small businesses.

13.2 No specific action is proposed to minimise regulatory burdens on small businesses.

13.3 The basis for the final decision on what action to take to assist small businesses is that this instrument only applies to small businesses which have voluntarily entered into a Countryside Stewardship grant agreement and the value of their grant agreement will not decrease as a result of this instrument, it will either increase or stay the same.

14. Monitoring & review

14.1 The approach to monitoring this legislation is that the payment rates will continue to be monitored to ensure that they reflect the costs incurred in carrying out the activity.

14.2 The instrument does not include a statutory review clause and, in line with the requirements of the Small Business, Enterprise and Employment Act 2015 Victoria Prentis, MP, Minister for Farming, Fisheries and Food, has made the following statement:

"A statutory review clause is not appropriate because this instrument concerns the giving of grants by a public authority."

15. Contact

15.1 Mary Colvill at Defra Telephone: 07917637750 or email: mary.colvill@defra.gov.uk can be contacted with any queries regarding the instrument.

15.2 Deborah Wells, Deputy Director for the Common Agricultural Policy and Transition at Defra can confirm that this Explanatory Memorandum meets the required standard.

15.3 Victoria Prentis, MP, Minister for Farming, Fisheries and Food at Defra can confirm that this Explanatory Memorandum meets the required standard.