

EXPLANATORY MEMORANDUM TO
THE COUNTRYSIDE STEWARDSHIP (ENGLAND) (AMENDMENT)
REGULATIONS 2024

2024 No. 391

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 His Majesty.

2. Purpose of the instrument

- 2.1 This instrument increases the payment rates for some Countryside Stewardship (CS) management activities, all of which make environmental improvements, in certain CS agreements entered since the UK left the European Union (EU) Common Agricultural Policy. Defra has reviewed prices for the 2024 harvest year using the latest data and trends to bring revenue prices up to date. Where payment rates have increased, affected existing CS agreement holders will receive the new higher rate. This will ensure that they are fairly compensated for their work and not financially disadvantaged when compared with other CS agreement holders.

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 (that is, the jurisdiction(s) which the instrument forms part of the law of) is England and Wales.
- 4.2 The territorial application of this instrument (that is, where the instrument produces a practical effect) 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 Countryside Stewardship agreements that started on 1 January 2021 and 1 January 2022 operate under the Countryside Stewardship (England) Regulations 2020 (the “2020 Regulations”). This instrument amends the 2020 Regulations so that agreement holders whose agreements started in 2021 and 2022 can benefit from the new, higher payment rates to bring alignment and ensure fairness. If a rate has decreased, this will not be passed on to existing agreement holders who will retain the higher rate already outlined within their agreements.
- 6.2 There are two other sets of Countryside Stewardship agreements which remain in delivery; those which are under retained EU law (2016-2020) and those with a start

date of 1 Jan 2023 or later which are under the Agriculture Act 2020. The equivalent rates for these other agreement holders are set via means of published guidance and are not included in this instrument.

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 EU's 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, and with agreements first going live in 2021. 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 the land management activities specified in their agreement. All live agreements became domestically funded from 1 Jan 2023, when all these agreements were aligned with agreements made directly under the Agriculture Act. The legislation for this was the Rural Development (England) (Amendment) Regulations 2022 (SI 2022 No.765) which came into force on 28 July 2022, and the Rural Development (Amendment) (No.2) (England) Regulations 2022 (SI 2022 No.1225), which came into force on 15 December 2022.

Payment rates for Countryside Stewardship Actions

- 7.3 Each activity has an associated payment rate. The Department keeps payment rates under review and decided to increase rates for all new and existing CS agreement holders to make sure rates better reflect the costs and income foregone of carrying out the actions from 2024. A similar increase in rates took place in 2022, (under SI 2022 No.141), and in 2023 (under SI 2023 No.159), with a further update to upland made, and an organic rate introduced, through SI 2023 No.968.
- 7.4 Since 2021, significant inflation has occurred in costs and there has been significant volatility in farm incomes, meaning the prices we are paying are out of date. This means our payment rates risked being seen as insufficient to attract and retain the levels of participation we need to see to achieve government's target outcomes for food, farming and environment/climate.

Maintenance Actions

- 7.5 Payment rates in Countryside Stewardship are based on typical costs to land managers and their income foregone. This ensures that payment rates are based on real-world costs, provide value for money and are fair and workable for farmers, and has the benefit of being World Trade Organisation green box compliant. Feedback from farmers and stakeholders identified that our standard payment rates are not always sufficient to encourage or reward them to take ambitious, targeted actions or combinations of actions or join up across local areas. In some cases, this is because the price for maintaining new features, habitats or prices is set too low relative to the

price for creating them. Defra has addressed this balance by increasing prices for ‘maintenance’ actions.

Premium Payments

- 7.6 In 2024 Defra is introducing ‘premium payments’ into our agri-environmental schemes to promote early and additional uptake of ambitious actions. This introduction was based on evidence from our tests and trials, uptake of existing schemes and feedback from farmers. The premium payments would be supported by detailed monitoring, evaluation and learning to inform further development of this new approach to promote increased delivery of our outcomes.
- 7.7 Defra will introduce premium payments for 6 existing Countryside Stewardship actions pertinent to this instrument. An additional 19 other premium payment actions are not subject to this instrument. The actions and associated payment rates will be listed in published guidance. The actions have been selected on the basis they:
- (a) have a high environmental value.
 - (b) are essential to delivering one or more of our environmental objectives.
 - (c) have lower than required current or expected uptake.
 - (d) can reasonably be expected to see higher uptake if we increase payment rates.
- 7.8 They include actions that are important for designated sites, including Sites of Special Scientific Interest (SSSIs), to target improved outcomes on these important sites.

Explanations

What did any law do before the changes to be made by this instrument?

- 7.9 Countryside Stewardship agreements that started on 1 January 2021 and 1 January 2022 and operated under the Countryside Stewardship (England) Regulations 2020 (as amended) previously set different rates for these activities.

Why is it being changed?

- 7.10 Countryside Stewardship agreements that started on 1 January 2021 and 1 January 2022 and operated under the 2020 Regulations require an update to the payment rate Schedule associated with this instrument to ensure they are aligned with other equivalent agreements taken out under different regulations.

What will it now do?

- 7.11 This instrument amends the payment rates for existing domestic CS agreement holders whose agreements were taken out under the Countryside Stewardship 2020 regulations. This means that they will be paid at the equivalent rate to others who hold a CS agreement under retained (EU) law or the Agriculture Act 2020. This instrument also makes minor amendments to improve the clarity of the descriptions of CS actions.

8. European Union Withdrawal and Future Relationship

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

9. Consolidation

- 9.1 Defra does not intend to consolidate the 2020 Regulations (as amended) 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 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. The discussion was conducted informally as part of the monthly stakeholder forum.

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 because 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 because 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 Mark Spencer, 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 Simon Wild at the Department for Environment, Food and Rural Affairs Telephone: 07799 656675 or email: simon.wild@defra.gov.uk can be contacted with any queries regarding the instrument.

- 15.2 David Cooper, Deputy Director for Policy Design in the Farming and Countryside Programme at Defra can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 Mark Spencer, MP, Minister for Farming, Fisheries and Food at Defra can confirm that this Explanatory Memorandum meets the required standard.