Committee on Climate Change

Independent advice to government
on building a low-carbon economy
and preparing for climate change

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Department for Environment, Food and Rural Affairs
2 Marsham Street, London, SW1P 4DF

CC: Rebecca Pow MP

16th June 2020

Dear Victoria

The Committee on Climate Change has highlighted the need for coherent government policies throughout the UK to transform the use of land to meet climate objectives. The Environmental Land Management (ELM) scheme will be an important step forward. We support strongly the core principle of 'public money for public goods' in its design. Land managers should be rewarded for delivering environmental improvements in the face of climate change – and should also have appropriate incentives to reduce emissions and sequester carbon in the natural environment.

This letter provides the Committee's view on the coverage of climate change mitigation and adaptation in the recent ELM policy discussion document. Specifically, four areas need further development and clarity:

- **An integrated response to climate change, food provision and the environment**. We support the Natural Capital Committee's (NCC) call for a joined-up Government response to climate change alongside wider environmental objectives. ELM's three-tier design and the focus on 'payments by results' should support this. Tiers 2 and 3 of the proposed scheme, have the potential to drive systemic change. Tier 3 activities in particular can deliver climate change mitigation and adaptation benefits, through their specific focus on landscape scale land use change. However, ELM must sit within a wider suite of climate and environmental policies. Defra has yet to set out how ELM, the Environment Bill, the 25 Year Environment Plan and various policies planned for trees, peatlands and nature will fit together. In turn it is unclear how the different strategies together will support the Government's climate change mitigation and adaptation goals.
- **Adaptation underpins every outcome**. ELM design should recognise that adaptation is a necessary pre-requisite to meeting the scheme's other public good outcomes, because they are at risk from climate change. The consultation document acknowledges "mitigating and adapting to climate change" but does not cover how climate change risks will be incorporated in the delivery of all other outcomes. Metrics and a comprehensive environmental baseline census, as recommended by the NCC, are essential for tracking progress in achieving public good outcomes under ELM and the goals of the 25-YEP, given projected climate change risks and impacts. The CCC would be happy to support Defra and other

organisations to identify, design and populate suitable indicators to provide an understanding of climate change risks.

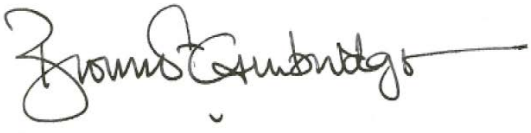
- **Encouraging private investment.** Environmental land management at the landscape level will result in private benefits as well as public goods in many cases. For many of these, specifically in the areas of flood risk management, carbon sequestration and water quality improvements, it is critical to encourage private investment alongside ELM funding in order to deliver the scale of transformation in land use and management that is required. In particular, the Committee has previously recommended a market-based mechanism to reward land managers for natural carbon sequestration, such as auctioned contracts or a scheme to allow forestry credits to be auctioned and traded. These schemes could be funded through an obligation on a polluting industry or a tax on fossil fuel use.
- **Rewarding climate resilience**. Actions that reduce vulnerability and exposure to climate change should be rewarded under ELM, but how this will happen through the design of the ELM payments is not set out yet. Annex 1 sets out examples of measures to reduce climate risks and achieve the UK's Net Zero target, which should be recognised under ELM. Clarity is also needed on the basis, size and frequency of the payments, as these will be critical to securing sufficient uptake of ELM, and ensure that the scheme delivers good value for money by linking payments to outcomes.

Annex 2 to this letter provides a more detailed response to aspects of ELM design.

The ELM scheme will become a cornerstone of agricultural policy in England, but the Governments in Scotland, Wales and Northern Ireland are each developing their own proposals to support farmers and land managers. Environmental issues do not adhere easily to geographical boundaries, so we urge Defra to take a lead on ensuring there is an integrated approach to the development of these vital polices throughout the UK.

This is a critical stage in the development of the ELM and the CCC stands ready to support you in the next stage of its implementation.

With best wishes



Lord Deben
Chairman, Committee on Climate Change

Baroness Brown of Cambridge
Chair, Adaptation Committee

Annex 1. Integrating climate change risks to ELM

Examples of climate change risks to public good delivery, and selected CCC recommended adaptation and mitigation actions.

ELM public good outcomes	Examples of climate risks that will affect the delivery of the public good outcome	Examples of CCC recommendations based on our research and progress reports to date*
Clean and plentiful water	Risks to freshwater species from higher water temperatures Risks to agriculture from water scarcity	Reduce risk of higher water temperatures through planting to increase riparian shading Increase on-farm water storage capacity to minimise the negative impacts of drought Reduce consumption by targeted water use
Clean air	Risks to health from changes in indoor and outdoor air quality	Increasing the area of urban greenspace for increased mitigation and air quality benefits
Protection from and mitigation of environmental hazards	Risks to coastal habitats from sea level rise, loss of natural flood protection	Reduce flood risk through natural flood management measures
Mitigation of climate change	Risks to the carbon sequestration capacity of forests from pests, pathogens and invasive species, and from wildfire Risks to the carbon sequestration capacity of soils from increased seasonal aridity and wetness	Additional surveillance of emerging pathogens and the monitoring of invasive species Improve measures to reduce wildfire risk and damage through open habitat management and contingency planning Widespread restoration of upland and lowland peat habitats
Thriving plants and wildlife	Risks to habitats and species from changing climatic conditions and extreme events, including changing climatic suitability, average temperature, water availability, wind patterns, hydrology, wildfire, flooding and so on.	Expand 25-YEP 75% terrestrial & freshwater restoration target to include all priority sites Improve species and habitat management to build resilience to climate change
Beauty, heritage and engagement	Risks to landscapes from pests/pathogens/invasive species Damage to natural assets and/or limited access to sites from increased flood risk	Restoring upland peat to limit risk of irreversible loss Additional surveillance of emerging pathogens and the monitoring of invasive species Reduce flood risk through natural flood management measures

* Inclusion of measures in the table does not mean they need to be paid for by public money, but that they must be recognised within ELM.

Annex 2. Detailed responses to aspects of ELM design to date

ELM must operate alongside other policies on land use, food provision and emissions reduction: Many measures to reduce emissions from the agriculture and land sectors, and to prepare more effectively for climate change, are low cost and low regret and should be required as part of a strengthened regulatory baseline (e.g. banning rotational burning of peat). Demand-pull measures should be used to encourage increased planting of bioenergy crops, while auctioned contracts or emissions trading that pull in private payments are likely to be better suited to incentivising the necessary major scale-up in afforestation. Enabling measures will be needed alongside ELM to build awareness, to support skills development, to scale-up supply chains, and to tackle barriers to action.

Right action, right location: We are pleased to see that Tier 2 of the scheme focuses on the delivery of local environmental outcomes that require collaboration, while Tier 3 focuses on more fundamental land use changes that may be required. The Government must build adaptive capacity through ensuring the local context is taken into account in ELM. The changes that are needed will vary across the UK because climate change impacts will vary spatially, as well as the quantity and condition of natural capital assets, local needs and demands. It is not yet clear how this spatial element of ELM will work.

The CCC acknowledges and supports the inclusion of urban greenspace creation within the scheme's listed activities. Greenspace is an increasingly important adaptation measure and generates a range of benefits both for wildlife (e.g. through habitat creation) and human health (e.g. reducing the Urban Heat Island effect, providing shading and surface water flood resilience; providing recreational opportunities; as well as potentially improving air quality).

Time lags between action and the benefit received: We welcome the recognition that time is often needed for land management actions to lead to public good outcomes. This is particularly relevant for some benefits from climate change mitigation and adaptation. For example, the carbon sequestration and water quality benefits achieved through certain peatland restoration actions may not manifest for several decades. Inaction, or delayed action until climate change has occurred, may mean it is too late for peatlands to have a chance to adapt to the changes, and increases the risk of irreversible loss (which may already be present). Robust models of change to underpin ELM will be essential to ensure payments are based on well-justified pre-emptive actions and to build sufficient confidence in land managers to deliver them.

Design of payments: To allow businesses to thrive whilst maintaining or enhancing natural capital assets, the scheme must explicitly acknowledge the need for payments to be frequent enough to support business cash flows; long-term to ensure commitment from land owners and managers to the actions and delivery of public good outcomes; scaled higher to promote actions above and beyond minimum requirements; and to encourage and recognise the benefits of collaboration.

Need to improve indicators for national outcomes: Monitoring the effectiveness of actions in the face of changing climate risks will be vital to assess how the extent and condition of the environment, and its ability to deliver public goods, will change over time. Current adaptation metrics in the 25-YEP indicator framework will not be sufficient as they do not support measurement of the vulnerability and exposure to climate change of natural capital assets, and the environmental services they provide. In our 2019 assessment of the

Government's progress towards adapting to climate change, we included a starting list of indicators that should be monitored to provide a comprehensive understanding of climate change risks, and the effectiveness of adaptation in the UK. We are keen to work closely with Defra in our ongoing work to develop and broaden the suite of adaptation indicators.

Food security: The vital importance of food security is mentioned in the policy discussion document, however, climate change risks to food supply chains outside the UK are not considered. As noted in the 2017 UK Climate Change Risk Assessment (CCRA2), the incidence of extreme events is projected to increase globally with further warming, causing an increase in the likelihood of shocks to the food supply chain and food prices. Many of the key overseas food hubs will be vulnerable to the direct impacts of extreme weather. The implications of this to UK food security needs to be recognised in ELM and the wider government policy.

Exporting poor practice: It is crucial to ensure food imports are sourced from overseas markets that have appropriate environmental standards in place. While the CCC strongly supports the objective of ELM to encourage farmers in England to operate sustainably, this would be ineffective if food imports were sourced from countries that do not protect their ecosystems and have carbon intensive production processes.