

Briefing Delaying ELM would halve its carbon savings by 2035

April 2022

Summary

The environmental land management scheme (ELMs) is the government's main spending programme and means of supporting farmers, who manage 70 per cent of the UK's land, to cut their carbon emissions. The new proposal to delay its implementation for a further two years would mean its contribution to the fifth carbon budget (2028-32) would halve, leaving a substantial gap in the UK's net zero plans. Retaining the previous EU scheme for an extra two years means at least £1.2 billion will continue to be spent on the wealthiest farms in England, ie those receiving more than £100,000 each in public subsidy in exchange for no public goods.

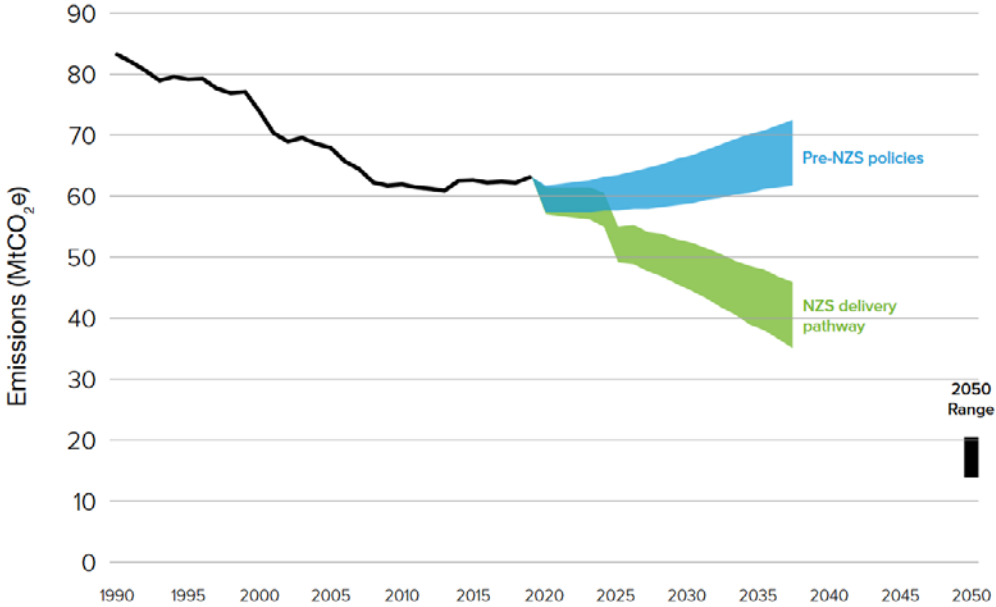
The UK's pathway to net zero land use

The UK's net zero strategy sets out a pathway for agriculture, forestry and land use to cut emissions by a quarter by 2030 (11 MtCO₂e less per year in England), and a third by 2035 (16 MtCO₂e less per year in England) compared to today. This proposed reduction follows over 15 years of stagnation in emissions reductions in these sectors, with emissions having slightly risen since the Climate Act came into force in 2008. The government's [proposed pathway](#) is shown below.

The Department for Environment, Food and Rural Affairs' (Defra's) range of programmes, including ELMs and its Farming Innovation Programme, have a [stated goal](#) of lowering net land emissions by 6 MtCO₂e per year by 2035, or (accounting for England's share in the overall UK goal) around a third of the emissions reductions expected under the net zero strategy.

Because these programmes absorb most of Defra's budget, it is likely that the ambition of cutting 6 MtCO₂e per year is too low. Nevertheless, this analysis assumes this goal is retained.

Indicative agriculture, forestry and other land use emissions pathway to 2037



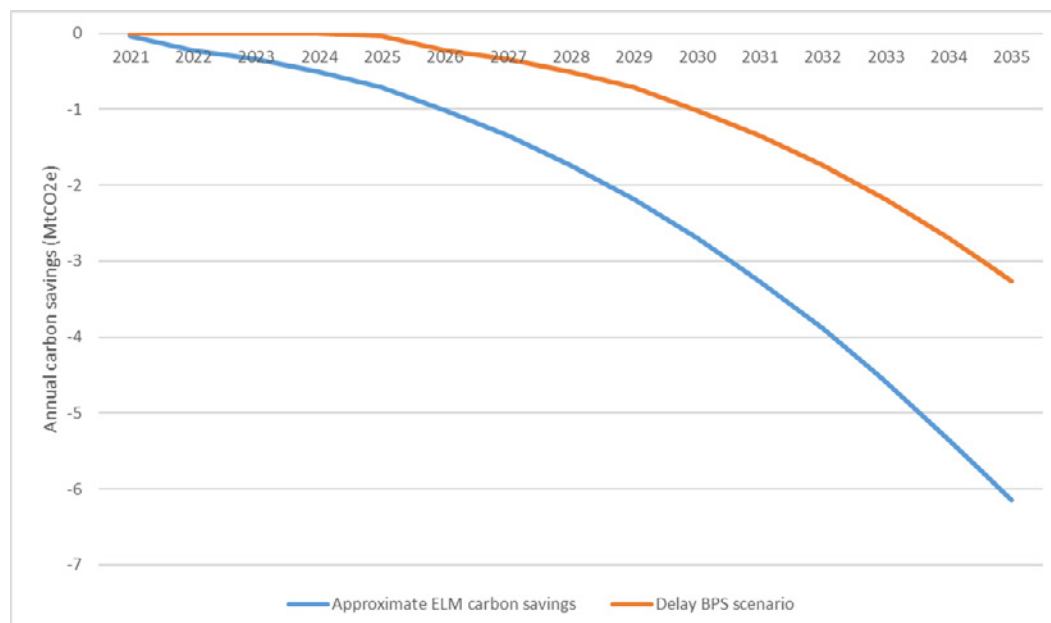
Source: Department for Business, Energy and Industrial Strategy

The carbon impacts of a further delay to ELMs

The ELM scheme is already significantly delayed from its original start date in 2020, which has been criticised by the [Public Accounts Committee](#). Despite this, the National Farmers’ Union (NFU) and other farming lobbyists have [recently called for](#) a further two year delay to the implementation of ELM scheme so that it begins in 2025, with the EU’s Basic Payment Scheme (BPS) - a subsidy that is paid to landowners irrespective of their carbon emissions or impacts on nature - being extended to pay farmers in the interim.

Because the BPS does not support farmers to lower their emissions, it is possible to calculate the effect of an additional two year delay to the ELM scheme on the expected emissions trajectory for farming and land in England. The analysis set out below shows that by 2035, the midpoint of the sixth carbon budget (2033-37), emissions savings would be half that expected from the ELM scheme.

An extra two years of ELM delay halves carbon savings by 2035



The effect on cumulative emissions is even more stark: across the whole period to 2035, emissions savings are 60 per cent lower than expected. Because carbon budgets are cumulative over five year periods, these savings would need to be made up for elsewhere in the economy. At a farm business level, further delays to the ELM scheme would hinder the efforts of farmers to transform their operations to achieve net zero carbon emissions.

The financial impacts of a further delay to ELMs

Direct payments under the BPS are linked to the area of land designated as farmland, rather than any public good outcomes associated with the land. They form the large majority of current subsidy and tend to reward the largest landowners disproportionately: the latest data shows that 64 per cent of BPS is paid to around [20 per cent of farmers](#). This social unfairness has been part of the justification for removing BPS, as one of the [claimed benefits](#) of Brexit.

By contrast, the ELM scheme is designed on a 'public money for public goods' basis, so only those farmers who are providing demonstrable public goods, principally as nature and climate benefits, will receive payments.

Analysis of the most recent Common Agricultural Policy [payments data](#), from 2020, suggests that delaying the withdrawal of BPS and its replacement

with ELM by an additional two years would result in at least £1.2 billion being directed to the wealthiest farms in England, ie those receiving more than £100,000 each in public subsidy, in exchange for no public goods. On average, these farms are much [more likely](#) to be profitable than small farms.

The context of rapidly rising diesel and fertiliser prices increases the case for a rapid shift away from BPS for many small and less profitable farmers: for them, reducing the [application](#) of inputs like fertiliser increased profit even before the recent price spike. Many of these farms are well endowed with natural capital but they are not well endowed with high yielding land for food production. If these small farms were paid for the public goods (in the form of nature) they improve on their farms, it would be likely to increase their farm profitability, compared to BPS.

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