

## Towards a British Ecosystem Services Policy

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George Eustice, Minister of State at Defra, commented in an interview with the *Farmers Weekly* before Christmas that “We should be paying [farmers] and rewarding them for the ecosystem services they provide - not giving them a subsidy and saying they should be grateful, ...”. What might a policy to pay farmers for the delivery of ecosystem services look like?

The various benefits that arise from the management of rural land are increasingly characterised as ‘ecosystem services’. These include marketed products, such as wheat, milk or renewable energy. But they also include other benefits, such as wildlife, landscape, water management, carbon storage or public access, that are valued by the local community but for which there are no markets.

The objective of a British Ecosystem Services Policy would be to deliver the greatest total value of ecosystem services from the land, taking account of both marketed and non-marketed outputs.

Currently the Common Agricultural Policy provides payments through Pillars 1 and 2, often for rather unclear reasons. Greening requirements are intrusive but deliver little environmental benefit. Agri-environment payments are centrally determined and directed. They don’t necessarily deliver the mix of land uses and public benefits that would be most valued at a local scale.

The specifics of how an ecosystem services policy would work have yet to be seen. Such a policy would be more devolved and funding could be used for a broader range of purposes, such as to support facilitation amongst farmers and organisations acting as intermediaries between those demanding services and land holders who can deliver them. There could be funding to support large scale conservation areas, greenhouse gas mitigation or flood control. There could be local funds to support provision of landscape, wildlife and public access. Government might offer matching funding to complement funds raised through voluntary donations. There would be support for the development of schemes for payments for ecosystem services, such as for water companies to pay for higher water quality standards or local communities to pay for changes in land use for flood control. The approach would build on current arrangements for collective action, such as have been developed in Nature Improvement Areas, Catchment Partnerships or Landscape Partnerships.

This would give flexibility and encourage land holders to look for new ways in which their land can deliver ecosystem services and hence attract funding. We can envisage farmers as developing a portfolio of activities, such as flood mitigation, wildlife conservation and public access, alongside their commercial production. They are the people with the best information about what options are possible on their land and how they may best be implemented.

What is critical at this stage is to clearly identify the new approach. Government should signal the shift in direction and the longer term goal of developing a more comprehensive policy. In the shorter term, funding would be gradually transferred from fixed area payments to new schemes as the capacity to implement them effectively is developed. Rapid change could run the risk of

environmental and social harm and so the new approach should be adopted in a planned and systematic way.

Will this new approach be good for farmers? As with any change there will be gainers and losers. But after Brexit, funding for agriculture will have tougher competition. It will become increasingly critical to demonstrate that government funds paid to land holders generate clear social value in order to compete with demands for funding for health, education and social services.