Written evidence to the Environment, Food and Rural Affairs Select Committee inquiry into the Environmental Land Management scheme and the agricultural transition

Summary

England has seen significant declines in environmental status over the last 60 years. Agriculture is rightly held accountable for some of this decline. The increase in farm intensity and fall in farm profitability over the same timescale is not a coincidence. We, the TFF Grassroots Group, feel that this can only effectively be addressed by a major change in mindset and culture of both the Agriculture industry and the whole DEFRA family of regulatory organisations.

We believe:

- The proposed transition timescale is probably realistic for arable farms but highly challenging for breeding livestock farms.
- The proposed approach remains too regulatory and inflexible to address either issue successfully. We promote a move towards a partnership approach between farmers and the government based on agro-ecological principles.
- There is far too great a focus in the proposals on capital grant funding and technological solutions. There should be much greater support for farmer training and knowledge exchange.
- Current proposals are far too reliant on groups of actions. Instead the ELM scheme should be based on delivery of specified outcomes with flexibility in how they are achieved.
- There must be recognition and reward for those farmers already delivering significant public goods alongside encouragement for others to improve their record.
- The current proposals to improve farm profitability towards being sustainable without subsidy do not address the structural issues in our food industry underlying the lack of profitability and will ultimately be ineffective. This whole issue requires re-working from basic principles if it is to deliver a truly sustainable English agriculture sector. Without profitable farms it becomes exceptionally difficult to reverse the ecological declines at the root of our environmental crisis.

Introduction

This evidence is submitted by The Farming Forum Grassroots Group, a group of 14 farmers (listed below). We all interact through “The Farming Forum”, an online network for farmers, and all manage grassland. We span a range of different landscape and activity types from Eastern Counties Lowland to Welsh Upland and from predominately sheep to completely dairy. The factors we all share are: adoption of an “Agroecological” or “Holistic” approach to our land management, a deep concern for the ecological damage done to British farmland across the last 60+ years and concern at the ever-declining profitability of the average British livestock farm.

[Names and addresses removed]

We would welcome any opportunity, either as a group or by a nominated representative, to discuss our evidence with the Select Committee during the inquiry.

On Page 7 of DEFRA's Agricultural Transition Plan their stated aims are:

By 2028, we want to see:

• a renewed agricultural sector, producing healthy food for consumption at home and abroad, where farms can be profitable and economically sustainable without subsidy

• farming and the countryside contributing significantly to environmental goals including addressing climate change

By 2028, our aim is that all farmers will be:

• running sustainable businesses that do not need to rely on public subsidy

• managing their whole business in a way that delivers profitable food production and the recovery of nature, fusing the best modern technology available today with the rediscovery of the traditional art of good farm husbandry

• able to access public money to help them deliver environmental and animal welfare outcomes on the land they manage and to help their businesses become more productive and sustainable

• meeting clear, relevant and outcome-focused legal standards that champion UK food internationally, prevent environmental harm, protect biosecurity and protect animal welfare

The stated aims of the ELM scheme are to improve and address these 6 "public goods";

Air quality
Water quality
Biodiversity
Climate change
Flood mitigation
Countryside amenity value and culture

Abbreviations used in this document

ATP	The published DEFRA Agricultural Transition Plan
BPS	The agricultural Basic Payment Scheme
CS	The Countryside Stewardship environmental scheme
CLA	The Countryside Land and business Association
DEFRA	The Department of the Environment, Food and Rural Affairs
ELM	The Environmental Land Management scheme
NFU	The National Farmers Union
SFI	The published DEFRA Sustainable Farming Incentive scheme
RPA	The Rural Payments Agency

<u>We Address your inquiry terms of reference in your order.</u>

Is the Government's timeframe for the national pilot, full roll-out of ELM and phasing out direct payments by 2027 feasible?

To achieve the declared aims of the ATP will require nothing less than a complete change of mindset, management approach, regulatory regime and state support system across the whole of British agriculture. Given the deep failures of past agricultural support policy this is a huge undertaking for all concerned.

Livestock businesses run on much longer timescales than annual cropping businesses. Making fundamental changes in management of a business involving breeding cattle or sheep can, itself, take more than the proposed 7 years before any real benefit is reaped. We therefore have serious concerns as to whether such a scale of change is feasible in just 7 years. However, with a *'hearts and minds'* approach great progress could be made.

Will the Sustainable Farming Incentive be a viable support measure for farmers before the full roll-out of ELM? Is further support required during the transition period?

At present there is little detail available regarding the SFI, not least the likely scale of funding of any proposed options, so answering this question is currently impossible. Without knowing both the scale of financial support that will be in place and the rules around receiving it we can only guess at the implications for our businesses. If our guesses prove incorrect then the implications for our businesses and thus livelihoods could be catastrophic.

The declared aim of the SFI is to avoid the financial collapse of many British farms between BPS funding declining and ELM funding making up the shortfall. Some detail is beginning to become available in the ATP. It proposes the tapering of BPS to be offset by the introduction of the SFI and wider adoption of CS. It also assumes that ELM funding WILL eventually make up the shortfall for all farms, something that is currently far from clear.

Given the current widespread reliance across English farm businesses on BPS receipts for profitability we consider section 2.2 of the ATP (Improving farm prosperity) to be unacceptably weak. It fails to set out the scale of the current English farm profitability crisis or its underlying causes. None of the 6 measures proposed offer any explanation how they would raise farm profitability. Without substantially greater detail around the proposals we consider it highly unlikely that they will meet their declared aims risking dire consequences as BPS payments are tapered off.

A proportion of the SFI is proposed to be accounted for by capital grants aimed at animal welfare and environmental outcome improvements. These will not replace basic income lost from BPS, indeed most depend on additional cost being incurred in those businesses taking them up. There is no explanation how, for example, building a new slurry store, even with partial grant funding, would inherently increase farm profitability. It appears that these proposed measures have not been adequately tested against the declared ATP aims.

During the transition the ATP also promotes increased use of CS to replace lost BPS income. CS is targeted according to landscape assessments meaning, inevitably, that a proportion of farms are effectively barred from entry. Where this is discussed in the ATP it, again, heavily promotes capital grants. Such capital grants would not replace lost basic income from BPS even were they to be paid at 100% of scheme cost. As they are based on income foregone they will fall well short of this and therefore do nothing to mitigate the falling BPS income.

If the rules around eligibility for the SFI or ELM allow non-farming interests to apply for part of the available funding then the effect will fall short of that aspiration. In recent years large parts of the Pillar 2 funding have been awarded to organisations other than active farmers, in some cases very large and well-funded ones. It is not clear from the little detail so far published whether this will continue.

How effectively has Defra engaged with land managers and other stakeholders on the design of ELM, including on the transitional arrangements?

We all have differing experiences of the levels of DEFRA engagement so far. Some have engaged through local producer groups, some through membership of national organisations including the NFU and CLA and some have engaged in their personal capacity by volunteering, where possible, to join DEFRA focus groups. One of us has also engaged via his professional institution and one has seen significant local engagement, on Exmoor, leading to taking part in a "test and trial".

Our overall experience of these engagements has been that they have been carefully choreographed events with quite tightly controlled opportunities to comment, often only accepting replies to a limited set of questions. Those involving engagement via membership of large organisations have presented us with little control over the actual representation made on our behalf. Our concerns have been diluted by the organisations attempting to broadly represent their diverse memberships on the issues rather than our specific sectors of the industry.

We are concerned that the voice of the small family farm, the mainstay of British farming, has been largely drowned out or ignored in this consultation by DEFRA's apparent policy of seeking to engage mainly with representatives of farmers rather than with the farmers themselves. It also seems to us that the environmental NGO's have been deeply over-represented in the engagement process compared to the "grassroots farmers" whose livelihoods are at the core of the proposed changes.

As an example, it is not possible for the NFU, the largest representative farming body, to produce single responses on all members behalf that fully represent the interests and potential impacts for their whole membership. Such a document would be over-large, unwieldy and most likely contain contradictions where the interests of different sectors conflict. Interventions which benefit large arable businesses and ones benefitting extensive livestock businesses are likely to be irreconcilable in some cases, for example encouraging arable farms to retain cereal straw as a soil improver would raise winter bedding costs for livestock businesses.

From our perspective as grassland-based farms there appears to have been relatively little effective engagement with actual grassland managers across all landscape types, especially considering that the vast majority of UK land area is grassland. What limited detail has been shared of the proposals so far is too inflexible to apply fairly to grassland across different UK regions and topographies. This demonstrates a poor understanding of the realities of the industry (examples: hay meadow management being expected of wet upland areas as well as dry lowland ones, subsoiling to relieve compaction when some areas have very shallow soils). The proposals so far are all rules or instructions rather than target outcomes and proposals to measure them. Past experience strongly indicates that this approach is likely to under-deliver.

How can ELM be made an attractive business choice for farmers and land managers while effectively delivering its policy goals?

Many farmers have engaged in past land based environmental schemes; indeed, such schemes have been critical to remaining viable for some farm landscapes. Many, though, have not. It is now clear that few of these scheme agreements have delivered their target outcomes. Their basis in payments for actions have been treated as a gateway to money, rather than a means to partner with nature, in many cases and their implementation has been a box ticking exercise. This has not worked well for farms or the environment.

We are concerned that far too much emphasis is being placed on capital grants for technological solutions rather than land manager education and help to learn new management approaches. This will simply continue the long-term trend to saddle farms with environmentally damaging intensification technology. It will probably do more to prop up the supply sector selling such "solutions" rather than helping farms to become fundamentally more environmentally sustainable and profitable. If the policy goals are to be achieved then a holistic agro-ecological approach to farm management needs to gain ground rather than a technologically based intensification one.

Endlessly chasing higher farm outputs has failed to deliver increasing average farm profitability or better functional rural ecology over recent decades and will not do so in the future, despite the marketing claims of its proponents. Those promoting intensification in England as a solution to the ecological and profitability crisis in agriculture overwhelmingly have undeclared vested interests in doing so which lie outside the ecologically sympathetic farming of land to profitably produce food.

For ELM to be attractive to the broadest range of farmers the culture of the scheme needs to be a partnership between business, government and technical advisors where all participants engage as equals. The scale of change from the past approach to this one is impossible to overstate. Such an approach would actively support all land managers to aspire to accommodate our ecological diversity within British agriculture. It would go far beyond the current policy of "co-design".

In short, it is the Natural Capital that needs to be invested in, not technological capital. Farmers should be paid for managing Natural Capital; The water cycle and the carbon cycle are two key elements that deliver a healthy, diverse and productive landscape. Manage these cycles correctly and all of the policy goals will be met alongside a productive agricultural industry.

Already there is a lot of talk about businesses paying land managers for carbon credits to offset their carbon footprint whilst continuing their disproportionate contributions to global warming. Why allow businesses to do this? Farmers could simply manage the water and carbon cycles for the public good at the same time as producing food. Management of the cycles and custodianship of Natural Capital is a real win-win for ELMS and DEFRA.

How can the Government ensure that ELM agreements achieve their intended environmental outcomes, reduce bureaucratic burdens on farmers and deliver value for money?

On the face of it these 3 aims are contradictory. The buzzword of the moment appears to be “co-design” intimating that land managers will play a significant part in the scheme design process. How DEFRA intend to achieve that with the large number of farmers involved will be key. Their current approach seems to rely heavily on consulting with organisations claiming to represent farmers but the detail and nuance of individual farmers situations will be lost if this continues. As an analogy, it is like consulting with the car industry to convert to electric only propulsion when they mainly produce internal combustion engines. The input from the manufacturers of the internal combustion engines and their representatives could push the wrong agenda or at least in the wrong direction.

Likewise, consulting with farmers who, collectively, have spent the last 60 years damaging the environment is not going to automatically steer policy in the right direction. ELMS needs to identify those few farmers who are managing land and production in sync with nature. It needs to reward those farmers and, more importantly, use their expertise to educate and inform others in the industry. The aspiration of co-design is to be applauded though and would go some way towards ensuring that the target outcomes are achieved.

A core of the scheme should be full funding of education and knowledge exchange events. These should be targeted to help land managers understand the underlying ecology of their farms and soils and the diverse techniques that they could adopt to achieve the target outcomes of the scheme (stated on page 3 above). Training and education focussed on these outcomes will help achieve the outcomes. Mindset change is far more important in this transition than buying new equipment or doing/not doing certain activities.

Additionally, the scheme faces a huge moral hazard in paying farmers with a poor public goods delivery record to “raise their game” whilst not rewarding the existing good practice of those already delivering those goods. This MUST be avoided by recognising and rewarding those good practices.

We consider the best solution lies in adopting a “holistic management” approach to the problem which recognises the widely varying context from which different farm businesses face the coming change. Farming and nature are both incredibly complex. They operate on a constantly evolving web of interactions responding to varying external influences. Holistic management approaches this by defining the context within which the problem occurs and managing that complexity rather than attempting to reduce it to merely complicated linear processes. It is characterised by flexibility of approach with ongoing monitoring of developing outcomes used to feedback via an ongoing re-planning process. This is anathema to the traditional civil service prescriptive approach to farm support and largely explains why it has failed in the past. The underlying ethos of the scheme implementation should go from “only this” is allowed to one of “yes if” it can be seen that the proposed action could help deliver the target outcomes.

The training of all DEFRA staff in holistic management principals would also be a worthwhile investment.

What lessons should be learned from the successes and failures of previous schemes paying for environmental outcomes?

The history of British farm support schemes since the Agenda 2000 reforms has been one of rapidly increasing complication and decreasing success in delivery. The creation of the Rural Payments Agency in 2001 to manage agricultural subsidy scheme compliance and payment stands out as a particular failure.

The RPA has been singularly bureaucratic and inflexible in the rules created and processes it operated to implement them. An example affecting many farmers has been the annual land mapping checks using remote sensing. Bad assumptions were made by inappropriately experienced and skilled staff. Changes were made to farm maps without consultation. This had damaging repercussions for farmers' subsidy claims. The adopted appeal process compounded the issue by being slow and opaque. All this could have been avoided, including the RPA workload that the errors generated, by consulting applicants over proposed changes BEFORE applying them.

The flagship environmental scheme of the last decade has been Countryside Stewardship. The original version had clear merit but was only truly attractive to those whose land fitted into tightly limited criteria so denying entry to large portions of British farming. It was also seized upon by many councils and wildlife NGOs as a source of funding their aims, siphoning off agricultural support from working farms in the process.

The later iteration of CS became disproportionately burdensome in its evidence requirements and unfairly draconian in its compliance rules. It lost sight of its target demographic. Its heavy bias towards professional environmental advice, and the rules being deeply biased in favour of the government, ensured it failed badly to achieve the sign-up rate desired. Large areas of land that had been in stewardship for a full scheme cycle were withdrawn, when agreements ended, due to this imbalance: the negatives simply outweighed the positives for all but those farms who were unviable without the funds on offer.

The core set of CS and ES rules lack balance and are deeply unfair. This was compounded by using these same rules to underpin the 3 rounds of Countryside Productivity Grants and other schemes since. Lessons are not being learnt.

We must rewrite the basic scheme rules from the start to reflect a "partnership" approach rather than the current condescending "regulatory" approach and in plain language rather than a "legalese" one. Why, for example, does "any UK public authority (or their authorised representatives or auditors)" need the right to demand applicants "supply any documents, information, data, reports or written or verbal explanations which may be required on request"? Surely only DEFRA and the RPA needed access to such. Similarly, excessive clauses appear elsewhere e.g.: "The Beneficiary shall allow the Authority or any UK or EU public authority (or their authorised representatives or auditors) to access its land and/or premises in connection with the Agreement."

We must make the language used in applications and communications relevant & coherent to the target audience i.e. farmers. We must test the language & application process with individual farmers of different scales and regionality. "I know GS4 is the code for Herbal Leys because I have had to use the bloody thing that often, why can't you just call it what it is and ditch all the confusing codes?" This would aid uptake by farmers without the need for consultants, retaining more of the money in the farmers pocket and raising scheme delivery efficiency.

Monitoring of outcomes should again be based on a partnership approach between the land manager and DEFRA. Any costs incurred by the applicant should be reasonable in relation to the scale of funding sought. Any applicant training and development necessary to achieve effective monitoring should be funded under the scheme. Where paid professional technical help is essential to design the application or monitor the outcomes then it should be funded directly by DEFRA outside the scope of the individual agreement with the applicant. This would resist the tendency for advisers to inflate their rates for subsidy funded roles as their contract would be directly with DEFRA and subject to open competition. That competition must also encourage small advisory businesses. They will have deep local knowledge unlike large national ones whose overhead costs and business structures are antagonistic to effective and diverse local nuances. They are more likely to fit the description of "trusted advisers" regularly used in DEFRA ELM communications.