Written evidence to the Public Accounts Committee inquiry into the Environmental Land Management scheme

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.

Sam Awdry BA (Hons.). Beef and arable farmer, Wiltshire.

Peter J Blair B. IHM (Hons.). Mixed livestock farmer, Owaka, New Zealand.

Tom Chapman BSc (Hons.). Beef farmer and Nuffield Scholar, Hertfordshire.

Angus Dalton. Dairy farmer, Derbyshire.

Ian Davis MCIWEM C.WEM. Suckler beef farmer and retired Environment Agency flood risk technical specialist, Hertfordshire.

Anthony Ellis BSc (Hons.), MBPR (Agric), Mixed farmer, Agronomist and Environmental Adviser, Cornwall.

Rob Garrett. Tenant farmer, lamb, beef & honey, new entrant 2010, Derbyshire.

Brian Jones. Upland suckler beef and sheep farmer, Denbighshire, Wales.

Huw Jones. Upland suckler beef and sheep farmer, Denbighshire, Wales.

Dave Knight. Coastal upland beef and sheep farmer, Exmoor National Park.

Steve North. Beef and sheep farmer, Somerset.

Daniel Powell, BA (Hons.), Organic beef and arable farmer, Shropshire.

Karl Starkie. Hill farmer, West Yorkshire.

Richard Trevethan. Suckler beef farmer (Organic), Cornwall.

Correspondence address:
Ian Davis
Holwell Court Farm
Hertford Road
Hatfield
Hertfordshire
AL9 5RL

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.

DEFRA set out their objectives clearly in a policy discussion document in February 2020 (DEFRA, 2020)[1] . It set out their existing lessons learnt from past agricultural support schemes and proposed how they intended to create the ELM scheme. We note that they commented at this early stage that "The current CS scheme delivers much better value for money than BPS in terms of environmental outcomes". This was an entirely false comparison as BPS was never intended to deliver environmental outcomes, it was simply a financial support mechanism for agriculture. In this regard it is disappointing but not surprising that DEFRA belatedly realised in 2020 that their original plan for transitioning to ELM seriously risked triggering an avalanche of bankruptcies in agriculture which had widely become dependent on BPS for basic profitability. In reaction to this realisation DEFRA then changed direction and turned the basic level of ELM into the Sustainable farming Incentive (SFI) with the aspiration that it would be open to all English farmers and provide an interim replacement for the income lost by the tapering off of BPS.

These events suggest a worrying trend for making policy "on the hoof" which often leads to ineffective policy delivery, missed objectives and poor value for money.

We focus on the SFI as that is the only scheme for which enough detail has yet been published to assess the direction of travel.

The rushed nature of the SFI from its inception to its proposed full delivery in 2022 has prevented development of the necessary degree of understanding of how proposed measures will actually affect farming businesses on a daily basis and, therefore, how attractive it will be to farms. Evidence from those signed up for the pilot scheme, which in itself was greatly undersubscribed due to the unattractiveness of the published proposals, is that it will fail to utilize many of the lessons supposedly learnt and detailed in the 2020 ELM policy discussion document (DEFRA, 2020 pp. 8 – 10)[2].

We consider that the complicated option structure of the proposed scheme and the (revised) rates of payment fail to recognize the bureaucratic and practical burden which many options impose on any farms which partake. Anecdotally we hear of many farms who registered for the pilot but chose not to accept a place as the rewards offered simply did not reflect the impact on the business. Unless this changes it is hard to see how the SFI will deliver the public goods being sought.

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[1] https://consult.defra.gov.uk/elm/elmpolicyconsultation/supporting_documents/ELM%20Policy%20Discussion%20Document%20230620.pdf

[2] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1004670/AUK-2020-22jul21.pdf

We are deeply concerned at the significant time and cost which has been incurred from the agricultural support budget in the design process of the SFI and ELM so far. There have been many “test and trials” run via contracted organisations as diverse as the NFU, the CLA and the RSPB seeking to inform the development process. We have taken part in a considerable number of them. Our experience has overwhelmingly been one of being presented with biased “surveys” and tightly controlled question and answer opportunities. Where these have been followed by feedback, and not all have, the impression given has been that our input was ignored and pre-conceived outcomes have been rolled forward. All of this has the feel of either a lack of competence or contempt for the industry.

In regard to the remaining ELM scheme we are concerned that what details are available so far appear to be targeted at delivery through NGO’s and professional advisory companies. We have experience of this model in HLS and CS where those bodies providing the “facilitation” or “collaboration management” are incredibly wasteful of public funds in their approach and treat the schemes as funding models, not environmental delivery models. We are alarmed at the tone of many announcements so far and that the whole process has been charcaterised by use of the term “trusted adviser” when there is a huge lack of trust in these bodies amongst farmers. DEFRA may trust them, we do not. Indeed, what little we have so far heard of the LNR and LR parts of ELM, for which some 70% of the available funding is apparently being targeted, is that they are going to be most accessible and relevant to large estates and to organisations like the National Trust and the Rivers Trusts rather than to small and medium farmers. It is these small and medium farmers that manage the vast bulk of English farmland and whose practices have often historically delivered diverse public goods in the process. How can this represent good value for public money given that we have experience of very high design and management costs in past schemes that these bodies have been encouraged to facilitate.

Farmed landscapes are so incredibly diverse across England that imposing any scheme of option “standards” will suit some farms and not others. The payment rates on offer must pay some incentive in addition to fully covering the cost to the farm of adopting the measures. The recording and monitoring involved must be easy, proportionate and visibly justified if it is not to dissuade uptake. For all of these reasons we consider that DEFRA’s approach is fundamentally wrong.

Many farms already deliver the public goods being sought. Where this is so then that delivery should at least be rewarded in the form of a continuance of the funding level seen in BPS for those areas. Farms must have the flexibility to agree a custom scheme that fits within their particular circumstances and recognizes the realities of farming the land both in impact on the physical business and recompense for management time. The payment rates on offer must also be indexed in some way to farm input costs if fair rates are to be paid across the term of the scheme.

Where the changed nature of the land use is designed to become permanent and thus affects the capital land value then this must also be compensated by the payment rates on offer. Many farms have borrowed money secured against their land value and any fall in land value may prevent their engagement with the scheme. Farms entering such a scheme unaware that the change of land use may become permanent when any scheme contract ends their financial viability could collapse.

We suggest that a practical starting point would be to recognize that the roughly 10 million hectares currently in permanent grassland, representing some 54% of all farmed land in the UK (DEFRA, 2020) , should receive a substantial proportion of the available budget on the recognized basis that such landscapes already deliver many of the public goods being sought to varying degrees. If a payment rate of £150 per hectare was offered for such land it would cost around £1.5Bn, made up as shown below, and need cost very little to administer. Half the remaining budget could be used to operate a bureaucratically easy and readily understandable scheme offering incentive payments for watercourse, woodland and hedgerow buffering on arable land. The remaining funds should be used to encourage habitat connectivity re-creation and to reward returning of mixed rotational management to arable land.

Justification for funding of permanent pasture funding level:

£30/ ha biodiversity delivery

£10/ha for tourism, public health and well being impact (Most publicly valued UK landscapes are grazed ones)

£10/ha for providing rural social structure and employment (small livestock farms support rural communities)

£60/ha for sinking 2 tonnes of carbon per year (Permanent pasture has been shown to sequester carbon)

£40/ha for retaining / filtering water before it reaches main rivers.