



Environment, Food and Rural Affairs Committee

Oral evidence: Environmental land management and the agricultural transition, HC 78

Tuesday 11 May 2021

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[Watch the meeting](#)

Members present: Neil Parish (Chair); Geraint Davies; Rosie Duffield; Dr Neil Hudson; Robbie Moore; Julian Sturdy.

Questions 1 - 62

Witnesses

I: Tom Bradshaw, Vice-President, National Farmers' Union; George Dunn, Chief Executive, Tenant Farmers Association; Mark Bridgeman, President, Country Land and Business Association.

II: Dr Julia Aglionby, Executive President, Foundation for Common Land; Phil Stocker, Chief Executive, National Sheep Association; Neil Shand, Chief Executive, National Beef Association.

Written evidence from witnesses:

- [National Farmers' Union](#)
- [Tenant Farmers' Association](#)
- [Foundation for Common Land](#)
- [National Sheep Association](#)



Examination of witnesses

Witnesses: Tom Bradshaw, George Dunn and Mark Bridgeman.

Q1 **Chair:** Welcome, everybody, to the EFRA Select Committee this afternoon. We are carrying on our inquiry into environmental land management—ELM. Will our first panel of guests this afternoon introduce themselves, please?

George Dunn: My name is George Dunn, and I am the chief executive of the Tenant Farmers Association of England and Wales.

Mark Bridgeman: Good afternoon. I am Mark Bridgeman, president of the CLA and a farmer from Northumberland.

Tom Bradshaw: I am Tom Bradshaw, NFU vice-president and a farmer in north Essex.

Q2 **Chair:** Thank you very much, all three of you, for joining us this afternoon. We are getting stuck into the ELM scheme. More bits are coming out from the Government all the time, and we are really trying to keep up with where it is all going. My first question is to all of you. DEFRA originally announced its plan for a seven-year transition in 2018. Do you think the time for transition from direct payments to ELM is still deliverable—that is, we start this year and it is done by 2027?

George Dunn: Our view at the TFA is that we are now extremely tight for time. We have been talking about these issues probably ever since the EU referendum. We have had various consultations and discussions, and there has been a sense in which DEFRA has been guilty of allowing activity to be a proxy for progress. There has been a lot of discussion, tests, trials and consultation, but, as yet, very little progress until quite late in the day.

Our concern is that the pain in the agricultural transition plan is very clear: the removal of the BPS payments leading up to 2024. The worry for us is that there are plenty of farmers out there who are doing the right thing by the environment, animal welfare and their communities. We are removing money from them, and there is still a great deal of uncertainty about how they are going to be rewarded for these public goods. We do not disagree at all with the concept of public payments for public goods, but we feel that we are running at a fast pace at the very end of this process, as we try to get these schemes into place.

The Brexit debacle, in terms of the way in which politics played out through the period since the referendum, and Covid have, understandably, diverted DEFRA's attentions. Our concern is that we are carrying on regardless with the timetable that was agreed a little while ago. We would prefer more time, but if we can get our skates on, there is still time to pull this out of the ashes.

Q3 **Chair:** George, in terms of your final sentence, my view is that, yes, they



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can do it, but they need to pull their finger out, don't they? At the moment, they are piloting things, but we do not know what notice they are taking of that or how soon they can roll it out. What is the point of having pilots if you are not going to take any notice of the pilot in the first place? How do your members view it at the moment? I would imagine that a lot of your members are quite reliant on the basic farm payment, are they not?

George Dunn: There are three responses from our members. There are those who are saying, "Regardless of what the Government set out, we are just going to make sure that our businesses are resilient, whatever policy environment comes. We will do what we need to do to ensure that we are resilient going forward."

There are others who are saying, "We need to know the detail. Just tell us what you want us to do and we will certainly ensure that we can comply with the new schemes as they develop."

There are others who are seriously concerned about their future. We have tearful conversations with members who are saying that they cannot really see a future for their farm. Some of those are maybe looking at options for retirement or taking up the BPS lump-sum exit scheme, and we are helping them through that. There is a range of issues, and it underlines the fact that we are so late in the day in getting this information out.

Q4 **Chair:** It is a major change for many farmers. Some of it is perhaps the fear of the unknown as well, and the trouble is that DEFRA are not really showing us their hand completely. We will take your evidence and put it back to Government, so thank you very much for that. Tom, has your broadband resurrected itself?

Tom Bradshaw: I appear to be here, which is a good start. Those are the joys of rural broadband, even though I would not say I am particularly rural. Obviously, that is something that we can do to help everybody.

I heard most of what George said, and I cannot disagree. We have seen the timeline concertinaed, but we have not seen any flexibility at all in the delivery plan. That means that there is now huge pressure on the delivery of the new policy, which, at the moment, is still very piecemeal. We do not have any clarity around what the new policy is looking like, which is putting businesses into a very difficult position. We know that cropping plans are currently being made for the 2022 harvest, yet we do not know what the eligibility will be for what we call the sustainable farming incentive for 2022.

We were always promised that cuts would not take place until there was a way of claiming that money back, but cuts are taking place for 2021. Yes, there will be a productivity grant scheme available later on this year, but many people are looking at ELMS as a way of recouping the BPS cuts,



and yet at the moment there is no clarity around how they will be able to recoup the cuts that are taking place.

The message is that the train has left the station as far as the Secretary of State is concerned, and I don't think he is willing to pull into the sidings, but we absolutely need everybody to work with maximum efficiency to bring clarity to our members around what the future will look like and what SFI '22 will look like.

The consultations around the lump sum and the delinking were due six weeks ago, and we still do not have a date for when they are going to be delivered. For our tenant members, that consultation around delinking and the lump sum is absolutely crucial because of the lead-in period for notice of an intention to quit. That is putting real pressure on this whole timeline, which, at the moment, I think is understood, but I just do not get the sense of urgency around the delivery requirement. What we are getting loud and clear from our members is, "What is it that we need to do for the future?"

Q5 Chair: Your members are running real business in real time, are they not? The trouble is that DEFRA appears to be treading water a bit. I know that the Secretary of State is keen to get on with it. The Lord is taking away, but the Lord is not giving particularly at the moment, is he? That is the trouble with the policy at the moment: we have a clear policy on how the basic farm payment is going to be removed, but not quite such a clear policy on exactly what will replace it. I accept that we cannot guarantee total replacement of the basic farm payment, but many of these other policies are just not ready yet, so we take that message loud and clear.

Mark Bridgeman: I will not add anything to what has been said. The added complexity is that, out of nowhere, in order to deal with these dramatic cuts that are coming forward, the Government came up with the idea of this SFI, where they wanted to start introducing it. The first we all heard about that was last summer, and they are having to fast-track this new scheme in very quick time. That is adding complexity. That is just part of what is already an incredibly complicated picture. We have counted 18 different schemes, if you add the existing schemes to the new schemes—not just ELMS, but productivity and resilience. For farmers on the ground—people who are not looking at this day in, day out, like Tom, George and I are—this is very complicated, and they do not have the details.

To make decisions, you need to be able to see the full picture. Is it right to intensify my farm, take on more land and lift my stocking numbers, or would I be better going in the opposite direction? Should I consider exiting? Until you see the picture, it is difficult to make that decision, and what is worrying is that people could be making the wrong decisions because they do not have the details.



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There are so many schemes coming forward. Part of the challenge is that, right now, we do not have the details. The agricultural transition plan was announced in November, a few weeks before the transition started, but it was an announcement of future programmes, with none of the details. So, yes, I would agree that the time is the key thing, and a lack of detail at this stage—it is starting to come out, but in a piecemeal way.

Chair: The sustainable farming incentive is very much the Secretary of State's baby, and we will very much drill down with him, when we get him into Committee, on the timing of this and making sure that it can be rolled out. He wants to get on with it, and I actually support him on this, but they have to get their act together. The evidence that all three of you have given shows that a little more pressure needs to be brought to bear, so thank you for that.

Robbie Moore: Just for the Clerk, if I could refer the Committee to my declaration of Members' interests: we farm as a family, but I also have links to a farm business consultancy business.

Chair: Robbie, you have done better than the Chair. I have to declare my interests that I am a partner in R T Parish & Son, and we do actually farm. That is clearly now on the record. Thank you for reminding me, Robbie.

Q6 **Robbie Moore:** No worries. It is good to see all three of you. Just following on from the Chair's questioning, I wanted to dig a little deeper into the timing issues. Mark, do you have the confidence that there is enough time to pilot the three components of ELM, so that a fully functional scheme can be launched by 2024? Following on from that, if that is a hard deadline, which we anticipate it being, where should focus change from DEFRA's point of view in that timeframe, so that we can get a fully functional scheme?

Mark Bridgeman: I do think that gives us enough time, because I think the timing that they are talking about is the end of 2024. Forgetting about this year—there are not really going to be any pilots properly up and running until the end of this year at the earliest—that gives us three full years. They have been thinking about this for about five years, and we have all been thinking about this since 2018. The nature of a pilot is that it is real people doing real things on the ground. Tests and trials has been a useful exercise, but it is a paper-based exercise, and it is just, "What might you do?" Pilots are people putting spades in the ground, or livestock or planting or whatever.

The key thing will be the ability to change and adapt as they go forward, because they will do something and it will not really work, so we will need to adapt and change. That is the whole point of a pilot, from a practical, on-the-ground point of view. Likewise, key with all these things, as we all know from previous experience, is the technology that goes alongside it.

So the piloting is fine, if we can get it started. SFI will start piloting later this year, and the other two schemes probably next year, but it is about



the ability for those to evolve, so that it is fully up and running by the end of 2024. We must remember that we will have lost 50% of BPS by then, which is why SFI really needs to work. All of us around this table—and certainly we at CLA—have argued for shallower cuts until the thing was fully working and everyone was happy with it. I understand why the Secretary of State is pushing SFI in order to make a start, and it makes sense, as long as we can do it.

Q7 **Robbie Moore:** The concern about a drop in BPS levels has been raised time and time again. I think the SFI pilot is starting in October this year, and the LNR and LR pilots in 2022. Should DEFRA be putting more emphasis on speeding up those pilots? Do you sense a frustration from your members and the wider ag industry at the lethargic nature with which DEFRA may be approaching this?

Mark Bridgeman: There are two different things. The pilots will, by definition, just be a sub-sector. SFI will be only about 1,000 farmers to begin with. What will happen next year is that the first parts of SFI will start to be rolled out, and probably only two or three of the eight standards. That will then build up as we get to 2024, which is where all farmers will be eligible to choose from the list of SFIs coming forward in terms of whatever might suit their land or their farm.

The SFI will really be the only thing that all farmers can apply to, to make up for the loss of BPS. If you do not get into a pilot, it will only be a small cohort. Our modelling suggests that, at best, although there will be massive disparities, SFI will make up, for the average farmer, about half of what gets taken away in BPS in that period.

George Dunn: It is instructive just to understand a little about how SFI came to be SFI. Back when there were debates within the Agriculture Bill about the concern about the gap between what Mark Bridgeman has talked about in terms of the loss of BPS and the fully outforming of ELM, which we now know will not be until 2024, SFI was meant to be a bridge between BPS and ELM. It was not meant to be part of ELM, but a stopgap position to allow the industry to move into ELM. As the concertina that Tom referred to was squeezed, it became the first component of ELM, as opposed to something that brought you into ELM, so it has happened by accident rather than by design, in terms of the way in which it has been brought in.

Like Mark Bridgeman has said, we have three years to fully roll out these new schemes. Within that timeframe, DEFRA should be in a position to do that, but what happens to the farm businesses in the interim, when they are losing the level of BPS payments that they will be losing over that period of time? The RPA has now published an online calculator for people to see exactly how much they are going to be losing over the next three years, and that is quite a stark message for our members.



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The one message that we need to get back to DEFRA is, “What are you going to do to bridge the gap for those individuals who will not have access to the schemes until 2024?”

Tom Bradshaw: There is time for the full 2024 pilots. It is not that period that I am that focused on at the moment, because SFI '22 should be eligible to every BPS applicant. As of next year, there should 86,500 people who are eligible to claim SFI '22. We do not know what it looks like at this moment in time. It has not been trialled; it has not been consulted on. It is that bit that gives me grave cause for concern, because it is that element that is the opportunity that our members are looking at to recoup some of their BPS income, and they do not know what it looks like on the ground. It is SFI '22 that I am really focused on, because I think the pilots can work.

The other thing that we and DEFRA need to be thinking about is evolution rather than revolution. By 2024, we do not need the perfect scheme, but what we need rolled out is something that is eligible to everybody, covers all business types and land tenures, and works. Then, '25, '26 and '27 can carry on building on what has been delivered in '24, provided it is working correctly. If the first experience of our members is poor—and that first experience will be SFI '22—in that it does not work or the roll-out is poor, it will be very difficult for DEFRA to get that credibility back. So it '22, for me, where there is huge, huge pressure.

Mark mentioned the income from SFI in comparison to BPS, and we would agree with that rough figure. We are comparing income there, but the costs associated with the delivery of the SFI or any of the ELMS activities are going to be far higher for farming businesses. The level of profit generated from that claim is going to be far lower for the business's bottom line. If it is countryside stewardship at the moment, the cost of delivery would be at least 50% of the payment that you are receiving on farm, and it could be 75% for some elements.

The impact on the bottom line is going to be far lower, so in no way will what is being proposed at the moment come anywhere close to replacing the BPS. I accept that the terminology is different—public money for public goods—and that they are not looking to try to directly replace what has been there before, but, for the average business, there should be a way of looking to recoup that money, accepting that they will be getting it in a different way and will have to deliver different things on farm.

Q8 Robbie Moore: Are your members only just waking up to the drastic changes that they are likely to experience? Is this something that they know has been coming down the line for a while, or is the stark reality hitting now?

Tom Bradshaw: You are absolutely right, Robbie, and I could not have put it better. For many, it has not hit yet. The process of applying for BPS has probably made some think that the payment will be lower this coming year, but for the majority—this is a huge generalisation—there is



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a wave of optimism out there at the moment. Red meat prices are as high as they have ever been. Depending on which dairy contracts you are on, you could be quite profitable. Cereal prices are through the roof, although we had nothing to sell. It is creating this false wave of optimism, and it means that the focus is not necessarily on what is coming next, but there will be a moment of reality, and I just hope it is somewhere in the distant future, rather than in the near future.

George Dunn: I would only gently disagree with Tom. We have been on platforms since the EU referendum with our members, saying that change is coming—big change is coming—and that they need to get used to it and get prepared for it. Our members have been ready for the change, anticipating the massive amount of change that was coming. What they would say to me today is that they are massively underwhelmed by the extent to which we have any information about what that change looks like. They have been ready and waiting for it. In fact, they have said, “Let’s use the opportunities that Brexit brings in order for us to develop something in a systematic way that delivers for our countryside, food security, environment and everything else.” As I say, they are massively underwhelmed by the extent to which, five years on from the referendum, we are in such a mess.

Mark Bridgeman: Picking up on the same point, there is real clarity now around the pain in terms of the removal of BPS. That is well understood. They know that all these schemes are coming forward, but they are busy running their businesses. There is not the detail, and they are really just waiting to see what is going to come.

It comes back to the point that I made earlier. Many farm businesses are not in a position to know which the best way is to turn. Is it to become more intensive? Is it to lift your sheep numbers? Is it to take on another 50 acres from a neighbour who is retiring and to use your machinery to work a bit harder? Is it to go in the opposite direction? Because we do not have the details yet, the average farmer is not in a position to make a decision and is not as engaged in the details. We all see the stuff that is coming forward on SFI, but until the detail is there in front of them, they are not really engaging.

Robbie Moore: There are more questions coming to drill into the details, so thank you for your comments, and I will hand back to the Chair.

Chair: Thank you, Robbie. Thank you for those answers. Tom, you raised an interesting point that I have talked to the Secretary of State about, which is that we need to have flexibility. Believe it or not, DEFRA may not get everything right first time round. One ability that we will have now, as it is our own agriculture policy and not one of 27 other countries, is to be a bit more flexible and to change a lot more quickly, but there has to be a slight change of culture, dare I say it, in DEFRA to allow that to happen. Your points are well made. We will not get everything exactly right—nobody ever does—but if we can get a lot of it right and tweak the



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rest, that will be fine. What I do not want to find is that it is set in concrete and we cannot change anything. That is what we will have to keep drilling down on.

Rosie, question No. 3, please.

Rosie Duffield: Quite a bit of this has been touched on—

Chair: Yes, I am sorry. They stole it, didn't they?

Q9 **Rosie Duffield:** The witnesses might want to expand on this particular question. How effectively has DEFRA communicated its plan to the wider farming sector? From the large landowners right down to the smaller tenant farmers, what do you think about the communication generally?

George Dunn: I would say that it has been piecemeal and a bit lumpy. There are times when we get a bit of an information dump from DEFRA, which gives us a bit of an insight into the way things are going. Probably what we have all experienced as lobby organisations over the five or six years since the referendum is that we have changed direction a couple of times, which has not helped either. The general trend, though, has been a reduction in aspiration for what we are going to do, and a sense in which we are going for the same old tools that we have used and loved previously.

The messaging has been a bit garbled and lumpy. It has changed direction, and we have seen it reduce in aspiration. What people were expecting to see with this new policy is not what they are now eventually seeing as it unfolds.

Mark Bridgeman: If the question is about communication rather than the contents, I think it is getting better. There was a real vacuum up until the end of last year. The key people within DEFRA were very clear in saying, in November, when the agricultural transition plan came forward, that this is the start of much stronger communication. They are trying to push it out to everybody—to every farmer. We were all sent something directly. There is communication going out through all the advisory networks, and they have been doing webinars, but it needs to continue.

It is such a big change that communication and advice need to be a big part of the effort over the next four years. As I mentioned, there are 18 schemes. Okay, three or four of those are old schemes, but there is a whole plethora of things coming forward, so that needs to continue. As the detail comes forward, it is about getting it out through all the different channels that they have.

Tom Bradshaw: We have seen two huge challenges—one was the no-deal planning and one was the Covid crisis—that have blown the policy development off course. That has made it very difficult for DEFRA to communicate, because the policy has not developed as quickly as they were expecting it to, but the timelines have not changed. That is the really difficult bit. They have had all these other things that they have had to deal with, but nobody has been willing to say, "We need to give



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ourselves more time.” That is why we are now in this period where the reason for the lack of clarity or communication is that there has not been anything to communicate.

The announcement of the ATP was famously summed up just after the Secretary of State had given his speech as “an announcement of future announcements”, which is really what it was. It still did not give us the detail, other than the cuts. We are now expecting another announcement in June around SFI '22, and it will be absolutely crucial that we get that. If that is delayed, at that point the industry will be looking at whether it is possible to deliver '22 on time. We are now at the final hurdle of whether or not it will be possible to meet the ambition of delivery for 2022.

Q10 Rosie Duffield: Tom, when you gave evidence to us before, you said that the NFU has significant concerns, particularly around the timescale. It sounds like you are saying that that is still very much the case.

Tom Bradshaw: It is, because at the moment we do not know what SFI '22 will look like. I am less concerned about '24, as I said earlier on, but I am critically concerned about what '22 will look like and whether it is deliverable. If we get the announcements in June, it is manageable. If we do not get the announcements in June, when people will be planting their new-season crops in August, you get to a point where delivery is impossible for 2022, but I do not see that there is anybody who is willing to accept that. I just hope that June is delivered on for a major communication that sets out the detail of SFI '22; if it is not, there will be some very serious conversations.

Q11 Rosie Duffield: There are two more parts to this question. The next bit is, how confident are you that DEFRA has learnt from the tests and trials? Mark was talking quite a lot about the tests and trials, saying that people can apply for the particular SFIs that apply to them, but have DEFRA learnt anything from the tests and trials, about which ones people are more likely to need, for example?

Mark Bridgeman: On the tests and trials, it is quite tricky to know. The CLA has been involved in three. At home, with 60 other farms on the Northumberland coast, I have been involved with two. It is difficult to know how that information is being used. It is all fed in. The key message to DEFRA is to explain what has been picked up and learnt from these tests and trials. They are predominantly desk-based exercises and discuss theoretical things. The pilot will be people getting on their tractor and doing something.

A huge amount of information is fed in, but it is unclear as to exactly what it is doing with this information. It is a massive machine; it is co-design, as the Government have talked about. That is commendable. Co-design is great, and you could not argue against it, but they have unleashed a bit of a monster. There are all these different people feeding in different ideas and, by definition, only some are going to get picked



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up. It is difficult to know, as someone involved in some of the tests and trials, which bits have been taken and embedded, because we have not seen it yet.

Q12 **Rosie Duffield:** Again, that is communication. You guys are feeding in but not necessarily hearing back.

George Dunn: When we have a consultation exercise, the Government gather views from all and sundry, and then produce a summary of responses and what the Government are going to do next. What we have not seen from the tests and trials, which, as Mark said, were an extremely good idea to test some of these things out in a real-world environment, is any ex-post evaluation of any of that work, or any conclusions drawn from that work, which we know are being fed into the scheme design. That is a major failure.

Q13 **Rosie Duffield:** Yes, absolutely. The next part of the question, which naturally carries on from that, is, has DEFRA engaged enough with individual farmers on the ground? I think you have answered that question really. I know that my local NFU rep, Amanda, is literally at every farm every day, talking to people and explaining what to do. She is fantastic, and I need to say that especially to Tom. It sounds as though individual farmers may well be feeding back to you, but I do not know how DEFRA is directly linked with those. Can you explain some of that?

Mark Bridgeman: I am sure that the others will come in, but DEFRA quite often run workshops. They will come to us—and, I am sure, to Tom and George likewise—and say, “Could you suggest some farmers?” A recent, classic example was on the uplands. We are trying to develop some work on the uplands, and we were asked to put forward some people who had real, practical uplands experience. That is happening, and that is absolutely crucial, as well as just taking the policy people from our organisations.

The important thing is that they listen to what they are told. It may not be the case, but the bit that worries me is that they take lots of this information and go, “Thank you, thank you, thank you,” and then they do what they wanted to do anyway. It is so important that they listen to whether it will work practically on the ground. It may be a brilliant concept from an environmental point of view. An ecologist will say, “It would be really brilliant if we did this,” but if the farmers cannot or do not want to deliver it, or it does not fit, that is the bit that worries me. I think they are doing it, but they have to listen and then react.

Tom Bradshaw: I guess that would be key. Provided we are not going into these meetings with preconceived ideas of what it is that they want to deliver, I think the consultation with farmers has been commendable. A real effort has been made with the tests and trials to engage with the farming industry. But I was part of one meeting. Unfortunately, it was all being run online. That has actually enabled the process to take place far more smoothly and allowed more engagement, with online calls rather



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than having to meet in person, but you just question the quality of the note taking and minutes of those meetings, as to whether the desired outcome will be predetermined.

It is a bit of a concern as to exactly how all of these different communications are feeding into policy development. We have seen policy development overtake the tests and trials. They were nearly ahead of policy development and then, suddenly, policy development has gone on ahead and the tests and trials are still active. You then really question how they are feeding into policy development. You have done all this engagement, but how is it being utilised to then form the policy?

George Dunn: All I would say in addition is that we cannot have a situation where absolutely every farmer is designing this scheme. If you were building a boat for people who want to go on a cruise, you would not want every person coming along and putting in rivets and stuff. There is a sense in which we just need to know what happens to the information that is being filtered through the likes of the NFU, the CLA and ourselves, and through the groups that we were talking about in terms of the uplands—there is one on tenancies coming up soon. The information is being fed into the machine, but what we are not seeing is the sausage that is being made from the information that is being put in.

Chair: You come over loud and clear that we need to know what is happening with the pilots, where the information has gone and whether it is being used to help design the schemes. That is something that we will be very strong with the Secretary of State on, when we have him before us. I share many of your concerns, so thank you for those questions, Rosie, and thank you for your answers.

Q14 **Dr Hudson:** Thank you, Tom, George and Mark for being before us today. I fear, Chair, that my line of questioning on the sustainable farming incentive has been covered quite thoroughly in some of the answers already, but I will still ask the questions and say to our expert witnesses to just give us some punchy take-home messages. You have very much raised your concerns about the pilots and the bridging period etc., but could I ask you to put them on record again?

Mark, you made the point that you have seen a lot more of the detail of the SFI, but that, potentially, further downstream, the end-user has not seen as much of that detail. Now that you have seen more of the detail on the SFI, with the caveats and concerns that you had earlier, will it still be an accessible and attractive offer for farmers, or do your concerns outweigh that?

Mark Bridgeman: One of the most important things that I want to get across today picks up on what Tom said about the next couple of years and not worrying about 2025. As SFI comes forward, it has to be compatible with existing agri-environment schemes like countryside stewardship or HLS. As a farmer, in a particular field, if it is already in a CS scheme delivering one thing, I could take part in SFI to do something



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different. Clearly, farmers cannot be paid to do the same thing twice, but it is really important that SFI can work alongside the existing schemes.

A lot of farmers are in the existing schemes. They are the ones who are interested in them, and they are going to be the flag-wavers for ELMS, and some of the more forward-thinking farmers. That compatibility with existing schemes is crucial and, at the moment, DEFRA are struggling with this. They know that they have to do it, but they have not quite worked out how.

The second thing that I would say about the detail of SFI is that the bit that worries me is that what they are trying to do is to create something like what they used to call tier 1, and then we are going to have local nature recovery and landscape recovery, which we are not talking about on this question. They want SFI to be something that any of us can just apply for online. We do not need expert advisers to come in. We need to be able to just look at it online and say, "I would like to do that particular one on my farm." They will try to make it simple and uniform across the country, but the problem is that the country is not uniform.

If it is hedges, for example, a hedge in Cornwall looks very different to one in Norfolk or Northumberland, which is fine, but it is about how it is interpreted, what things should happen and how you do things in different parts of the country, and having that flexibility. You know what you want the outcome to be. With a hedge, you want more biodiversity, you want more berries, you more birds. But in terms of how you do that, we do not want someone coming out with a tape measure or a ruler and saying, "That is not two metres wide at the top or the bottom," or eight foot wide or whatever it might be. It is about getting away from that old mentality of someone coming out with a tape measure. We need to focus on the outcome, and that is one of the real challenges.

Q15 Dr Hudson: That is really helpful. The take-home there is that it needs to be compatible but also, potentially, flexible for the differences in farming across the country. Hopefully, if DEFRA respond to that, it will become more accessible and attractive for farmers. Tom, if it can be adapted and improved, will it be accessible and attractive to your membership?

Tom Bradshaw: For me, the key question is, "How does it underpin sustainable food production?" It is potentially too focused at the moment on environmental delivery as a separate entity, whereas this should be about delivering sustainable food production that delivers for biodiversity, with the two working in harmony, rather than it being either/or. What I want to see is the sustainable farming incentive truly underpin sustainable food production, because that is how it will incentivise and work for our members, so that we are doing the food production element as world leaders, best in class and with the lowest carbon footprint, but working alongside biodiversity recovery. That could be really exciting.



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What we are seeing at the moment is incredibly prescriptive. Mark said that every farm business is different. It is not just about where you farm. It is about the intensity; it is whether you are a grass-based farm, or you could be an intensive dairy farm that is farming next door. It needs to be appropriate for every different farm business and, to do that, you have to have a huge amount of flexibility within the scheme. What we are seeing at the moment are prescriptions rather than flexibility, which really does worry me. People will look at it, and potentially they could deliver 80% on their farm, but because they cannot deliver the final 20%, it means that they are ineligible. That then means that it is not accessible for all.

The payment rates that we have seen at the moment are, I would suggest, marginal at best. Every environmental scheme to date has been underpinned by our direct area payment. What we are seeing with the new scheme is that the direct payments are going. This is a scheme that absolutely needs to stand on its own two feet, and I really am concerned that the incentivisation at the moment is not set at the right level. It is all around income foregone. That could be a real turnoff.

Finally, what we need to see out of DEFRA are the impact assessments that they have undertaken which say that this is going to be taken up by and will work for the farming industry. At the moment, I do not believe that we have seen any of those impact assessments.

George Dunn: We have a big concern about the extent to which farm tenants will be able to access schemes, where they have clauses in their agreements that prevent them from joining schemes. Within those tenancies, for occupiers under the Agricultural Holdings Act, we have provisions within the Agriculture Act and regulations coming forward in the summer, which will allow tenants to object to a landlord's unreasonable refusal to get access to schemes. But we have nothing for farm business tenancy tenants, and those agreements tend to be more modern, written by solicitors who have, over the years, gained experience about how to restrict—

Chair: George, I am sorry to interrupt you, but you are straying very much into question No. 5.

George Dunn: I will leave FBTs on the horizon. The other thing to say is that the pilot does not cover all farm types, so it does not cover commons. I know that you have Julia Aglionby coming in the next session. It is a big concern that that whole segment has been left out.

With the parcel-based approach, it is a major disappointment that we cannot mix and match different prescriptions on different parcels of land on the holding. If you go for a prescription, you have to go for that prescription across all the parcels of land that you enter into that, which is a problem.

I would agree with Tom that income forgone is not a very attractive proposition at all. Apologies for steering towards the wrong place.



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Dr Hudson: That is alright. Most of this question has been answered previously as well.

Chair: You are going to steal question 5, are you, Neil?

Q16 **Dr Hudson:** We are like a “Two Ronnies” sketch. We are answering the question in advance, but thank you. In terms of these concerns that you are raising, we can feed back to DEFRA about the flexibility and compatibility. As Tom said, in terms of recognising sustainable food production in parallel with biodiversity and high animal welfare, these things can be very compatible with each other, so thank you for raising those.

We have touched on the SFI pilots already, but what are the initial impressions from you and the members of your associations and unions etc. about how the pilot is going at the coalface?

Tom Bradshaw: I would say it has been very accessible and very easy to apply, but it is still questionable whether we know exactly what we are applying for.

Mark Bridgeman: Likewise. All you had to do is click and say, “I want to be in the pilot,” but if you did, you do not have the details yet. I would reinforce the point that Tom and George made about the payment rates. What we have been told is that the payment rates are being reviewed for next year, when the early bits of SFI are rolled out for everyone. That will be crucial. We do not know yet what the drop-out will be when they see the details of what they have to do in order to take part in the pilot.

George Dunn: I would agree with my fellow witnesses in terms of the accessibility of the expression of interest. It is interesting to note, though, that DEFRA had originally planned for there to be 10,000 people in the pilot and then 6,000, and then they talked about a few hundred, so the DEFRA aspiration for the pilot has greatly reduced. Although it is successful against the criteria recently set for it, it would not have been successful against the criteria previously set. One of the issues of concern is the extent to which it keeps out people who are already in agri-environment schemes, who may be the best people to be talking to about these types of arrangement, because you gain some experience from people who want to have some skin in the game, rather than people who currently do not.

Q17 **Dr Hudson:** Thank you, all three of you. That is really helpful. On the final part of my question—again we have covered this a little before—you have talked about, and we have heard concerns about, the SFI being used to make up for lost income for farmers, rather than potentially paying for public goods. There is this mixed messaging going on. What should the aim of the SFI be?

George Dunn: I do not disagree with the concept of public payment for public goods. What I disagree with is that BPS was not delivering public goods. BPS is and was delivering public goods for the environment, animal welfare, clean water and air, and carbon. It may have been a



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blunt instrument in the way that it did that, but let us not pretend that it was just wasted money going into the back pockets of farmers. It was delivering real public benefits, as well as the farming resilience and food security issues that Tom so eloquently talked about earlier.

We are not opposed to the idea that the concepts set out within SFI are the right concepts in terms of rewarding people for public goods. We just need to make sure that we do not throw the baby out with the bathwater. The underpinning of the standards of production that we have seen in the country gets undermined by the fact that we deliver a new scheme badly.

Tom Bradshaw: For me, the other element that we forget about here is that we live in a managed environment. It has been managed for centuries. Every year, millions of people decide to go to view this managed environment and access the countryside, and more than ever over the past 14 months. It is farming that delivers that environment. If we do not get this policy right, we could undermine farming and food production, and we are then left with a landscape that people will not recognise. It is absolutely crucial that it really does work for food production as well as the environment. For me, that is the twin ambition of this policy. It should not be that food production is dealt with through productivity grants, and that the environment is dealt with through the environmental land management scheme. The two need to be joined up and delivered in unison, and it could then be a really exciting future.

Mark Bridgeman: I would agree with that and just reinforce this point about what SFI should be doing. First, the Government are rightly very ambitious that SFI should get 80% uptake. For that, they need to do a lot of the things that we have already been talking about, in terms of flexibility and getting the payment rates right in order to get that massive uptake. It is only going to get massive uptake by nudging us as farmers to be more sustainable in how we produce our food. It is a means to improve soil and biodiversity within the field. It needs to be across the whole farm, not just on the edges. That needs to be the aspiration of SFI, which is what it aims to do, so that those twin pillars can be achieved.

Dr Hudson: Thank you, all three of you. That is really helpful and a positive note to end that question on. These pillars of high-quality, locally produced and sustainable food, and high animal welfare and looking after the environment, are all very compatible and are all public goods that can be recognised in this legislation. It is just that the feedback has to come in to Government, so that they can adapt and be flexible, and so that these schemes are workable and sustainable moving forward. Thank you for your evidence.

Q18 **Chair:** Just before we leave this question and I bring Julian in, Tom, you mentioned impact assessments. I know the NFU has called for this, but what exactly are you calling for? I would like it to be put on record.

Tom Bradshaw: We are going through the most substantive change in agricultural policy for decades. If it goes wrong, the impacts on our



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members are going to be potentially very significant. By going wrong, I mean that, if it does not deliver profitable farming, we will end up with a lot of members potentially going out of business. We believe that there should be some very detailed modelling on the financial consequences of removing BPS, and the same impact from what happens when you replace it with the environmental land management scheme.

I accept that it is complicated, but that is not an excuse not to do it, because going into this blind is very foolish. That is something that we should be doing. Looking at the early analysis that we are doing around the SFI, it does raise some alarm bells around the financial viability of what is being suggested at the moment.

Mark Bridgeman: DEFRA put out an extremely good compendium with “Health and Harmony” back in 2018. I would reinforce what Tom said. They obviously have the database there. They need to keep updating it and learning from it over these next five years. It is there, and there is some very powerful information there. Keep it updated and learn from it.

Chair: I think they have quite a lot of information, but the problem is that I am not quite sure that they want to publish it. We need to drill down quite heavily on this one, hence I am pressing the question. George, please.

George Dunn: I have no disagreement with what Tom and Mark said.

Chair: All three of you are in agreement on that. Thank you very much. We will go over to Julian now, and we will let George answer first, so that he can wax lyrical about tenancies.

Q19 **Julian Sturdy:** Thanks, Neil. Well, you have asked the question, haven't you? George, do you want to wax lyrical about the tenant sector and how the transition will impact on tenant farmers?

George Dunn: There is a general malaise with the way in which Government develop policy, in the sense that there is a general assumption that everybody is an owner-occupier and they are therefore able to internalise the decisions that they need to make and the responses that they will give to whatever stimuli come out from Government. When we move beyond that, there is a tendency to have a lack of understanding of the complexity of the way in which UK agriculture operates. We are here representing the tenanted sector. We have already talked about commons, but there is—*[Inaudible]*—grazing licences and contract farming. There is a degree to which the policy makers do not really engage with that level of complexity, and never have done, and they need to very quickly.

In terms of the tenanted sector, I just need to make you aware that, under the old system, tenant farmers had access to the basic payment scheme by virtue of their farming of their holding and their land occupation of that holding. They had access to those schemes. That was the main show in town in terms of the public support element. We are



now diminishing that pot under the policy of the Government and moving more to payments coming under direct agri-environment schemes and for things that are not necessarily connected with the agricultural use or the farming of that holding.

What we find in tenancy agreements, at various levels of complexity, are restrictions on tenants either accessing in schemes or being involved in activities that are not necessarily agricultural by their nature. We have situations where tenants have to have the consent of their landlord before they go into these schemes. There are plenty of arrangements, as I am sure Mark will tell us in a moment, where landlords and tenants do get on well together, and people can come to arrangements. Indeed, we in the CLA are constantly talking about how we can give guidance to the willing in this space to ensure that people can continue. We get involved where the difficulties emerge and where landlords are not prepared to give consent.

The other concern that we have is with the farm business tenancy sector, bearing in mind that the average length of term on a farm business tenancy is now just over three years. Some 90% of all new tenancies are let for five years or less. When we get into the higher levels of ELM—the local nature recovery and landscape recovery—we are looking at very long-term schemes. By their nature, those short-term agreements will not be able to take part in those.

What we are also worried about is that we will see land leaving the tenanted sector, because landlords themselves will wish to take the Queen's shilling to be involved in LNR and LR arrangements, and so we will see a retraction of land in the FBT sector. We have been saying for a very long time that DEFRA needs to recognise this, and it is only really of late that we have seen DEFRA becoming as interested as they are. We have some answers for the AHA tenancies within the Act, but nothing for FBT tenants.

Q20 Chair: Let us bring Mark in and see what the landlords have to say about it.

Mark Bridgeman: I am one of those occupiers that George referred to, but also a landlord. As an association, we represent both. We want to see a thriving tenanted sector. Many of our landowning members, particularly some of the big institutional ones, will just have tenanted portfolios, and it is crucial that those tenanted sectors thrive.

One of the things that ELMS will need to do—and I hope it will do, and can do—is to encourage collaboration. What will be clear, particularly in the other two schemes—local nature recovery and landscape recovery—is that collaboration will be a means of unlocking some of these opportunities, because we know that doing things collaboratively will deliver more and, hopefully, will be better rewarded.



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To the concerns about how it affects the tenant sector, it is key that it needs to work for different types of tenure. SFI is all about who is operating the land. As landowners, we would encourage our tenants to be taking up SFI. The only time that there would be an issue is if the land was changing fundamentally, for whatever reason. If it was going to be rewetted and turned into a wetland, or trees were going to be planted on it—any permanent land-use change—understandably, as a landlord, we would want to have an input into that decision. In the same way, anyone who rents out a house would not want their tenant knocking down or putting up walls.

Q21 **Chair:** Sorry to interrupt, Mark, but I think what George was alluding to was the fact that the landlord might decide to change the policy and, instead of having sheep on the farm, to turn it into wetland and trees and to take the land back in hand. I do not suppose that you, as CLA, can control that, but how do we make sure that both tenants and landlords are treated fairly through this?

Mark Bridgeman: We have to think about freedom of contract. To take an extreme example, if the Government are pushing for this environmental recovery and for this very ambitious tree-planting programme, you would expect that landlords will look at the options available and decide what is best for their land. If it is an FBT and it comes to an end, I expect most landlords will think, “What is the best thing for that bit of land? Is the best thing to renew the tenancy or to do something different?”

The bit that concerns me around tenancies is when we look north of the border and see what is happening to the tenanted sector when constraints are put around it. We want a thriving tenanted sector. We do not want to stop the tenanted sector. When you start tweaking it, that is when land will be withdrawn from tenancies, which would not be in anyone’s interest.

George Dunn: May I come back on some of that? I absolutely agree with Mark that we do not want to see the demise of the tenanted sector. We have an association with the Scottish Tenant Farmers Association, but it is an independent body of its own volition. The reasonable demands that we have in England, Mark, in terms of the way in which we want to see agricultural tenancies operate would not cause the sort of problems that we are seeing north of the border.

What I would come back at you on is that if the environmental outcomes were the only objective here, then what you had to say about the way in which it impacted upon those private contracts would be true, but the Government talk about resilience, productivity, new entrants and progression, so we need to retain the opportunities within the let sector for those to take place. There are many farms that are productive only in the sense that they have a core unit that may be owner-occupied, but they have land attached to it which is tenanted. If they lose that land because a landlord wants to go and plant trees or rewild, that holding



may become less sustainable from an economic perspective. We need to look at this policy as a system rather than just in terms of the environmental outcomes. We need to look more widely at what impact these policies have.

Q22 Julian Sturdy: That is a very good point, George. Is it your view that at the moment DEFRA are not doing that within the pilots?

George Dunn: Absolutely. We have a very siloed approach to policy making, as has always been the case and probably will always be the case. If you hark back to the first report of the Food, Farming and Countryside Commission and read about how we need to be looking at things with a systems approach, it is more difficult to do. Don't get me wrong: I appreciate it is not an easy thing to achieve, but we thought that, after the Brexit vote, we all had the aspiration to do something different, and yet we seem to be in the "same old, same old" box, which is not helpful.

Tom Bradshaw: I would like to add that we have always said that it should be the active farmer who is eligible to claim the support payment. Particularly when we are looking at tier 1—the SFI—we believe it is the person carrying out the activity, the food production element, who should be eligible to claim the SFI element of ELMS. It then becomes the tenant who is the one eligible to claim the SFI. I know that not everyone agrees with that, but to create a thriving tenancy sector, there has to be enough there for them to get their hands on. Ultimately, if the active farmer is able to claim the payments, that is the best route to try to make sure that it is the person taking the risk who is eligible to take those payments. Approximately 50% of businesses in the country have some tenanted land, so it is crucial that this works for all different land tenures, but it has to work for the tenanted sector as well as for landowners.

Chair: The only thing that I would add is that the farm business tenancies and the very short-term ones are going to be very difficult to manage through the long-term environmental schemes, aren't they? That is another challenge for us, but we had probably not cover too much more on that.

Q23 Geraint Davies: Mark, you said that by 2024 half of the direct payment scheme will be withdrawn and that only half of that money will be recovered through the sustainable farming incentive. What will that do for the overall supply of food and the number of farmers in business?

Mark Bridgeman: That was an estimate as to what the impact would be on the average farm. As Tom correctly added, at a revenue level, the key thing is that delivering those public goods costs money. The margin on that is a fraction of what it is with BPS. What will it do to production of food? I do not see a reduction in the amount. Are you talking about from now until 2024 or the next 10 years?

Q24 Geraint Davies: My concern is that farmers have, as we all have, gone through the difficulties of Covid and Brexit, as well as issues around food



supply and exports and imports. On top of that, one of their staple sources of income—the direct payment scheme—is going to be halved by 2024. They will get some of that back from the sustainable farming incentive. It strikes me that those who do not have buoyant cash flows—in particular, smaller tenant farmers—are likely to go to the wall or be taken over by bigger operators, either from the UK or abroad. Overall, in the short term, there may be a shortage of food, as people cannot cope. What do you think?

Mark Bridgeman: I do not think we will have a food shortage. It would be an exaggeration to suggest that. We are going to have this exit scheme that is going to be brought forward in the next few weeks. Owner-occupiers, tenants and all types of tenure may look at that. I do not think that will get a huge uptake, but some people are holding out to look at it. If you look over the long term, the size of farm holdings has gone one way. It is just a fact that, over time, farm holdings have, on average, increased in size, so I expect we will see that continue.

Q25 **Geraint Davies:** If there is a squeeze and the small farmers—the marginal farmers, if you like—are weaker, then the big farmers who have access to loans or other capital will be able to take them over at this point at bargain prices, because the one subsidy that they have is being taken away and only partially recovered.

Mark Bridgeman: I am not sure about bargain prices, because it depends on whether you are talking about land values or commodity prices. If small operations are withdrawing from the sector, that might attract new entrants. DEFRA is very keen to encourage new entrants, which is absolutely right, so we might get new entrants coming in. I do not think that we will see a significant shrinking in the total food produced in this country.

Q26 **Geraint Davies:** Fair enough. George, is there a worry in your sector that the big operators will come in and take over small operators? As Mark has just said, the overall quantity of food may not change, but those who cannot accommodate cash-flow reductions may have to exit.

George Dunn: It is important to see this within the context of where we are within the economic cycle with agriculture. Tom said that prices are relatively good at the moment for things like cereals and livestock, and even the milk price is beginning to perk up. The issue is how you see this across a range of economic outlooks for agriculture when prices begin to dip again. What does that do in the long term to people's desire to continue with farming?

Over time, we have seen the extent to which large owner-occupiers with low rent and finance charges on their existing units have an overinflated sense about the extent to which they can spread fixed costs by bidding very high levels of rents on FBTs to take land on. We are not exactly sure that that is a very efficient way to produce in the way that they do that. We are seeing large players taking more land in the marketplace.



Going back to what I said previously, we need to see this as a system. We need to look at cultural diversity, at the landscape within which people are operating and at opportunities for new entrants and progression. With many of these units, we need diversity to provide that landscape and people providing services to their rural areas in other ways, not just through food production but through school governors, local councillors, volunteers and various other things. It is really important that we see this as a system rather than looking at it just from a unidirectional perspective.

Q27 Geraint Davies: Have you seen anything in Wales or Scotland, where they have different schemes? Are they doing anything to support smaller operators during these difficult transitions?

George Dunn: In Wales, the issue is that their policy development has been stymied by the fact that they have just had the Senedd elections, and we will probably see that speeding up as we come into the next few months. The one thing that is good about what is going on in Wales is that they are bringing the concept of the environmental and the business together into one scheme. We just hope that they continue to see that as a complete whole. We are also looking for how they can deliver advice and facilitation to individual farmers through this, which we have not seen in England. There is still a lot to understand about Wales. I am afraid I have no knowledge about what is going on in Scotland.

Q28 Geraint Davies: On advice, I meant to ask about enforcement and monitoring schemes from the past. What has been learnt from those, where should farmers get their advice on ELMS and who should pay for it? Perhaps you could briefly answer that question.

George Dunn: We need to differentiate between advice and facilitation. Farmers and land managers should get their advice from wherever they want to get that advice, and pay for it appropriately, but we need local facilitation for these schemes, particularly when we get into local nature recovery and landscape recovery. There needs to be an advocate for those schemes locally, and I am sure that you will get into this when you talk to Julia in the next session. Particularly on common land, there needs to be facilitation of those arrangements. But advice should come from wherever.

Q29 Geraint Davies: Finally, Tom, on this idea of the potential market restructuring as a result of a cash-flow squeeze because the sustainable farming incentive will cover only half of the losses from direct payment schemes, do you see a lot of businesses going down, and what sort of businesses? Are they just the smaller ones, or are they certain types of farm? What should the Government do about it? Is there anything to learn from Wales and Scotland in trying to stop the harm of the change?

Tom Bradshaw: Farmers are traditionally very resilient, so it will take a long while to filter through and to see the real impact of this change. It will not be 2024 or 2026; it could well be a decade before the impact of



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the changes really filters through, particularly when you look at the market fluctuations as well. Trade policy could ultimately be more significant than environmental policy. If we look at being world leaders in ethical trade, really enforcing standards of production and embedding carbon in our imports, we have a really exciting future. We can then build on that with the environmental policy.

We should not get hung up on the size of the farms. I could take you to a 50-acre farm that is producing more food than a 5,000-acre farm, depending on which crops or systems of production you want to look at. For me, it is about what the UK should be producing. What we would see is that ELM, and particularly the sustainable farming incentive, should be underpinning sustainable food production. It should be making sure that resource-use efficiency is absolutely at the top of the list when farmers are looking at how we use our natural resources.

There may be an element that does reduce the amount of food produced, because, if we are going to use our resources more efficiently, it may be that we are not aiming for the peak yield but a notch down on that, because that is where we hit the sweet spot between environmental delivery and maximising resource-use efficiency. There is a lot to play out there.

The businesses that will be most at risk are those that have the biggest debt or the least ability to borrow. That could be a very large-scale business that has completely restructured recently but carries a lot of debt burden, or it could be a very small business or a tenant who does not have the ability to borrow. It will be those businesses that have the highest debt or the least ability to borrow that will ultimately be the first to feel the pain. As we see this unfold, it will have impacts across a more wide-ranging section of businesses, but that is only if we get it wrong. If we get it right, it does not need to happen.

There will be more people who look at farming as a part-time career choice, and they may farm two days a week and be off doing another job three days a week. Is that a failure or something that we should encourage? There is no right or wrong there, but structurally things will be different.

Q30 Chair: Tom, we do have to ask the question about enforcement and what we have learnt. How are we going to enforce this into the future and monitor it better than we did under BPS in the European system?

Tom Bradshaw: I would love us to turn things on their head. At the moment, farmers see the enforcement agencies as a policeman, whereas we should see them as champions of the rural environment. When we have done something wrong, they are there to tell us we have done it wrong, and we need to feel the pain, but they also need to be encouraging this transformational change that Government policy is setting us on the path to. It needs to be much more light-touch and



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genuinely encouraging the outcomes that are looking to be delivered, and we need to start using technology far better than we do at the moment.

Chair: Okay. That is very succinct. Geraint, any last questions?

Geraint Davies: I think Mark wants a final word, because he was talking about bringing out tape measures a moment ago. I think he wants to say something about enforcement and monitoring.

Chair: I am sure he does not want a tape measure, Geraint.

Q31 **Geraint Davies:** He does not want one. Mark, what have we learnt from previous schemes of enforcement and monitoring? Who should pay for the ELM advice, and how should it be delivered?

Mark Bridgeman: Having had someone walk around every single one of my fields for 10 days and then spend five years going backwards and forwards, and given the amount of Government money wasted on my own personal farm, I know what a waste of time it is. I would reinforce Tom's point that they need to be advisers who can come out. Yes, if you do something properly wrong, you need to be punished, but not the tape measure. It is about looking at the outcomes and advising. That is how the inspection regime needs to change. The Government are saying all the right things on that, so let us hope that they can deliver that.

On the advice, there is such big change coming down that we all need advice and help. Most farmers are trained to maximise their wheat or beef production, not to maximise their environmental delivery, so most of us need a lot of help. That advice needs to come locally from trusted advisers. The bit that can really help is peer-to-peer and anything that Government can do to get peer-to-peer advice. That ties in with some of the collaboration that we will have in the other schemes.

The final thing that we need to learn is around understanding what we are delivering. In terms of baseline surveys, I have been in the HLS scheme for 10 years, and in a CS scheme for the previous 10 years. For 20 years, this farm has been in one of these schemes. I cannot give you a bit of paper to show you what it was like before and what it is like now, which is a real shame, because we do not know. How we measure what we are doing, so that we can show that we are making an improvement, is going to be so important when we turn around to the Treasury and say, "We want to continue to be funded to deliver environmental goods, and this is why."

Q32 **Geraint Davies:** Are there any initiatives that you have seen in Scotland or Wales that would help on any of this? You may not have.

Mark Bridgeman: On Scotland, talking to sister organisations north of the border, I think they are a couple of steps behind us in terms of what they are doing now. On Wales, I would pick up what George said, which is that the direction of travel, which I think is right, is looking at the whole farm. It is about productive agriculture embedded within a whole-



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farm approach, which is the right way to go. In order to draw down money and to show the overall programme, it needs to fit together, which does make sense.

Q33 **Chair:** George, do you want to make any last comment on the administration, checking and monitoring of new systems?

George Dunn: Very quickly on the enforcement point, we need to move away from the “computer says no” approach to enforcement. Although technology is great, I have had a member this week who has had a letter indicating that they are going to lose £25,000 because of a remote-sensing investigation. I realise that that is under a legacy scheme, but we need to move away from that type of arrangement. The facilitators I was talking about earlier could be the conduit through which they are both advocates for the scheme and enforcers of the scheme.

If you go back to what we had with environmentally sensitive areas in the '80s and '90s, the most successful environmentally sensitive areas were the ones that had really good project officers who were advocates for the scheme and able to ensure that people hit the standards required by the schemes. They were speaking both with the farmers and with the policy makers.

Chair: Thank you very much for those answers. I have always said that farmers should be innocent until proven guilty, not guilty on sight, basically, as they are a bit at the moment. We can make this so much better, so we will work on that. Tom, George and Mark, thank you very much for some great evidence this afternoon. We have gone on a little longer, but we had a lot to ask you. There were some very good answers to put in our report and some really good stuff to ask the Secretary of State and Victoria Prentis when they come before us.

You are welcome to stay and watch the next panel or leave if you have to. Thank you, all three of you, very much for your very valuable evidence.

Examination of witnesses

Witnesses: Dr Julia Aglionby, Phil Stocker and Neil Shand.

Q34 **Chair:** Would you like to introduce yourselves, please?

Dr Aglionby: I am Julia Aglionby, and I am here today as the executive director of the Foundation for Common Land.

Chair: You have quite an interesting job and some interesting people to deal with, I would think.

Dr Aglionby: I never get bored. I should add that we are not a membership organisation, unlike everyone else here today. We are a



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registered charity, so we are here to enhance the public benefits in both natural and cultural heritage, which makes us slightly distinct from the other witnesses today.

Chair: I have some common land in my constituency and have dealt with quite a lot of commoners. Shall we say that they come in all shapes and sizes? You do not have to comment on that, but thank you very much for joining us. It will bring a new flavour this afternoon.

Neil Shand: I am Neil Shand, CEO of the National Beef Association. On behalf of the organisation, I would like to show our thanks for being asked to give evidence this afternoon.

Chair: It is a pleasure to have you.

Phil Stocker: My name is Phil Stocker. I am the chief executive of the National Sheep Association. We are a membership organisation for sheep farmers right across the UK's uplands and lowlands, and we are also a registered charity. We are a charitable company, so we have some very strong charitable aims and objectives as part of our vision for the future.

Q35 **Chair:** Thank you, all three of you, for joining us in our second panel, and we look forward to your answers. My first question to you is very similar to the first question that the first panel had. Do DEFRA's plans to transition from direct payments to ELM by 2028 are still deliverable?

Phil Stocker: It probably is still deliverable, but it is getting tighter by the month. The delays that we have seen over the last two years in the development of ELMS and the uncertainty of the payments and schemes going forward mean that, as the months go by, the timescale gets tighter and tighter. It is achievable, but we have left it very late and we have left businesses in a real state of uncertainty in terms of having that clarity over the withdrawal of the basic payment scheme money. There has been no clarity at all about the schemes going forward, or the payment rates, or how they can replace that money that will be lost to the farm businesses, and that makes it really difficult for farms to plan.

Q36 **Chair:** Without leading you too much, many of your members would be quite extensive producers of sheep, so I would think that the basic farm payment makes up quite a lot of their income and probably quite a lot of their profitability at the moment. Have you done any figures on how that is?

Phil Stocker: We normally look at the Farm Business Survey information, which does show that there is a very high reliance on basic payment and agri-environment money generally. In many LFA-type businesses, that income would account for maybe 65% to 70% of the income. In terms of the withdrawal of this money and the uncertainty over the ability to replace it with ELMS-type schemes, pathway-type schemes and Future Farming-type schemes, it is still uncertain whether a lot of those businesses are going to get anywhere close to replacing that lost BPS money with the new funding streams.



Q37 **Chair:** Julia, when you have common land, making claims for BPS has also been difficult. How confident are you that we can make this transition, and how is it going to fit in to common land?

Dr Aglionby: Unfortunately, we are not confident at all, and we have significant concerns that both the natural and cultural heritage of common land is at risk. It is at risk because commons need to be properly managed by commoners, and we have a huge dependence at the moment on countryside stewardship schemes. A lot of commons are in countryside stewardship schemes and, over the years, we have managed to bring most commons into those schemes.

The real difficulty is that it takes six to 18 months, or sometimes even longer, to negotiate a scheme on a common. At the moment, we are just running out of time. We have no standards for SFI for common land or uplands. Even when they do produce these, the issue is that negotiations will start at that point.

Unfortunately, we are increasingly concerned, and we note that we are not the only people concerned. The National Audit Office warned again in 2021 that, "Over a year has passed since our report and we remain concerned that farmers still do not know enough about the scheme to enable them to plan". With commons, that is even more so. Commoners are also more dependent on BPS than moorland farmers, who are more dependent on BPS than upland farmers, who are more dependent than lowland farmers.

Q38 **Chair:** I understand exactly where you are coming from. You could also argue that commons generally are probably delivering a lot of environmental benefit at the moment. I suppose the challenge is how we make sure that the new system enhances that, and that, where you need grazing, which you do on many commons, it actually happens. I am just a bit worried that there may not be any grazing at all. Are you at all concerned about that?

Dr Aglionby: We certainly are. Work done 10 or 15 years ago showed that there was a significant decline in the number of commoners, and we have seen that happen more over the last 15 years. Interestingly, we also use Farm Business Survey data, and we are very fortunate that, over the last few weeks, we have been doing some economic modelling with help from Dr Derrick Wilkinson, who used to be chief economist with NFU and CLA. What we know is that two thirds of farmers in the hills in the LFA will be losing money by 2023, and this is before they pay themselves. Some 8,057 will be losing money, and it costs a lot of money to run commons. You have to go up there. There is a lot of labour. It is all very well the NFU saying it is fine if people are part-time, but a lot of work is needed to deliver these environmental benefits. Our analysis shows that farmers on commons are under huge stress, and we are therefore likely to see a decline in the environmental benefits.



It is worth reminding people that, if we look into those benefits, 21% of our SSSIs by area are commons. Commons are only 3%. Forty per cent. of our open access land is common land. Eight per cent. of our scheduled ancient monuments are found on commons. If we get it wrong on commons, we are really putting at risk our protected landscapes.

It is quite interesting when you look at the economics. When you look at the BPS that farmers in protected landscapes receive, and then at the tourism income, the tourism income is 10 times the amount of money received in BPS. That is the foundation stone for a very successful tourism economy.

Q39 **Chair:** Yes, they are very much interlinked. Thank you for that. Neil, what is the situation with the National Beef Association's members in terms of transferring from one to another? Are they going to be able to plan for it? Is the transition too quick?

Neil Shand: We are either at or beyond the point of no return, where it will be undeliverable. At some point, we have to accept that Covid has played a part in this, and consider whether a simple year's extension of a 5% reduction is a solution to ease the process in. Beef production is inexorable by nature. The spring breeding programme is a way to start. That beef will be sold in 2024, and we have a little bit of a blackhole vision as to what income will be available in 2024. Some basic calculations suggest that a lowland unit with 100 cows, with what is being proposed at the moment, will lose 50% of their basic payment by 2024, and the uptake of SFI will fill only 50% of that loss. It is quite a worrying scenario that we are in at the moment.

Q40 **Chair:** In real terms, they are losing about 25% of the value of the basic payment, even after being topped up by the SFI payment. That, of course, if you are in a very extensive type of farming, would have a real impact. Again, have you done much surveying of your members on the impact of all this?

Neil Shand: Let us take some figures, Mr Chair. For a farmer with just over 100 cows, the BPS at the moment is about £17,500. By 2024, he loses almost exactly half of that, and the replacement value is less than half of that. His concern is that his best option may be to look at the exit options.

Q41 **Chair:** The question I was asking is whether you have been able to put a number on the farmers across your sector who are likely to be affected. You have individual cases, but do you know what it is combined?

Neil Shand: We do not have the combined figures. In our sector, in terms of grazing livestock, be it LFA or lowland, at least 70% of their income comes from BPS, which is going to halve, at minimum, by 2024.

Chair: That in itself probably answers the question.

Q42 **Rosie Duffield:** I want to move on to the engagement with farmers. I



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asked a similar question in the previous panel. How effectively has DEFRA communicated its plans to the wider farming sector? I know we have covered this a little bit, but do you feel that there has been direct communication with farmers generally?

Phil Stocker: This has definitely been hampered by Covid. I would say that the DEFRA ELM/Future Farming team has tried to be really proactive, but their attempts have been constrained by their inability to get out because of Covid. Like a lot of other organisations, they have reverted to doing online meetings. We have hosted probably in the region of eight or 10 meetings between ELM co-ordinators and different groups of our members across England. They have all gone quite well, but there has then been a bit of a breakdown in terms of the communication coming back. There is an element of information being taken in and absorbed, and very little feedback or knowledge about how that information has been used, so they have struggled a little with communication.

There has also been an issue around the level of reliance on organisations like ours in terms of our responsibility to communicate back to the industry. Quite often, there has been confusion over what might be confidential information and what information can be shared, so there has often been quite a lot of uncertainty about what can and cannot be communicated. That has been really quite difficult.

Again, the communication with us has been on the basis of co-creation, but that in itself has caused some real problems. You have to accept that the audience that the ELMS team has tried to engage with through their engagement group has been so broad that the use of the term “co-creation” has probably built a level of expectation that could never be delivered. There is a big risk there of alienating people or raising expectations and not quite meeting them.

The general intention has been very good. They have done a good job at one level in terms of communicating, but it has often not been followed through, and people, on a regular basis, do not really know whether their input to these discussions has been taken on board and taken account of.

Q43 **Rosie Duffield:** Thank you. That is really similar to what we heard in our previous panel: that it was a one-way set of communications, rather than the other way round, so there is a pattern emerging here. Would anyone else like to jump in?

Dr Aglionby: In terms of engagement, there are various aspects of this. Your question was about the wider farming community. I would say that the difficulty with that is that they do not have very much to communicate. There are no details to communicate. It is all very well having meetings. I have had senior DEFRA staff—the director of Future Farming—out on my farm for five hours. It was absolutely delightful—really good conversations—and we really welcome the conversations that we have with DEFRA staff across the ranks, for want of a better word, but there are 550 civil servants in DEFRA, just in Future Farming and ELM.



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There are then about 30 of us in the ELMS engagement group, and we bear this huge responsibility for getting information out to organisations that we work with. At the same time, as Phil said, we are often not allowed to convey that information, or it is given on a Teams document that you cannot download, or whatever it is—it is quite clunky.

What we are finding is that, first, there is nothing that I can say to commoners to help them plan at the moment. We are doing a test and trial at the Foundation for Common Land, and it is brilliant to be doing one. What we are really worried about, as one of your witnesses said earlier, is that the policy is running ahead of the tests and trials, and that our test and trial will end up rather like an MSc thesis. I do not know if anyone has done an MSc, but the number of people who read an MSc is quite limited, and the impact that it has on the future world is quite limited. It is really good that they are doing them, and the act of doing them is really helpful for the individual commons that we are working with, but that is not sufficient across the board.

There have been really good intentions and, individually, they have been absolutely bright, delightful and well-intentioned civil servants, but the reality is that we have not made progress. We had a meeting with the Secretary of State yesterday. We have a Commons meeting next Monday and there is ongoing communication.

But the other thing that is really important is that, because those 550 civil servants have been recruited very quickly, many of them do not have knowledge or experience about agriculture. They are often young and from different sectors, and what we are finding is that DEFRA commission Natural England specialists to design the detail of SFI. If you have read Natural England's evidence to your Committee, you will know that they are very focused on the biological environment rather than the wider six baskets of public goods. What we are finding is that, when the schemes come back to us, they do not cover the full suite of public benefits that commons can offer, and this is a real missed opportunity.

It has been designed in a darkened room by people who have particular strength, but as we move forward, wanting sustainable land management across the whole of the nation, we are missing out on substantial opportunities to deliver health and wellbeing, beauty and landscape, as well as addressing the biodiversity crisis and the climate emergency. It is this narrowing that we are seeing, back to countryside stewardship mark 2, rather than broadening to the full suite of public goods. This is the major flaw, and on commons we are deeply disappointed about this narrowing. Native breeds would be another area where England has a huge tradition, with wonderful conservation of native breeds, and, in terms of what is going on in commons, they are really important.

The lack of engagement and knowledge is intertwined. Co-design is a fallacy. There is an intention, but the reality is that it is not happening. We can blame Covid, pressures on Brexit, and everything else, but if we



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have a problem, we should pause and say, “We have not got this right yet.” We cannot afford to get this wrong. The National Audit Office again warned that we cannot have a repeat of the universal credit debacle; universal credit was a well-intentioned policy that was poorly delivered. The NAO used that analogy. Even this week, we have seen a family, one of whose members committed suicide because of the financial pressures of universal credit, and the family are now suing the Government. Do we want to see that in agriculture as a result of the failings?

Rosie Duffield: Brilliant; thank you so much.

Neil Shand: The communication has pretty much been one way, in the view of most of our members. We have a calendar of doom, as we call it, and a schedule of what payments will not be happening. That is the main part of the communication that there has been. There is a huge opportunity here for DEFRA to get this right at launch and gain confidence in the industry, if they get some good news out, with achievable targets, very soon. As I said earlier, the timescale is running tight now.

Q44 **Rosie Duffield:** Those are such great answers; I really appreciate that. There is another part to this question, which Julia and Phil touched on. Have there been shortcomings in DEFRA’s approach to co-designing ELM through the test and trial scheme? It sounded like you thought there have been.

Dr Aglionby: We are running a test and trial. We found it has been really slow to get going, partly because of Covid and partly because there have been some barriers. DEFRA have improved enormously in terms of their confidence in us working with other organisations. I am really delighted that, for instance, now we are able to work openly with the Rural Payments Agency. That makes a huge difference on commons, because as the Chair acknowledged we have had problems with commons and payments in the past. We are now working really closely with the Rural Payments Agency.

In terms of that co-design, we just want what we are doing to be really useful. It is really important that it is iterative and I call action research. Ours is an 18-month test and trial, and we do not want to just undertake a piece of research and report at the end, because we know that will be too late. We are running regular webinars. We are hoping to encourage that policy development. There are now some great staff in DEFRA, and they have an internal working group between themselves and other DEFRA family members—Natural England and RPA—looking at that policy. Again, it is not co-design, because we are not part of that internal working group. Perhaps there is not yet the confidence to really work in an iterative fashion with partners on these really knotty issues. There are good steps so far, but there is more to be done.

Phil Stocker: At the outset, the test and trial approach was seen as a really innovative, valuable and fresh approach. I still think it offers that



potential, but there are so many different test and trial projects, and they are so complex. I do not think any of us on the engagement group would really know to what extent they are feeding into the design of SFI or the other ELM strands. You can see that a lot of the findings will be concluded almost too late. These tests and trials should have been done a long time ago, to inform the process from the beginning.

If I could just take a second to come back on the point that Julia made there, when she was talking about grassland and the design of some of these schemes and Natural England's input into some of the grassland standards, both in lowlands and uplands, there is a real problem with people working in silos. We have seen it in that very specific, practical area, where, from an environmental point of view, people will look at grassland purely from a Natural England perspective, which is purely environmental. When they are seeking any information relating to grassland and productivity, they look to AHDB, which is right at the other end of the spectrum in terms of the most productive, highest level of grassland productivity you could ever imagine. The reality on the ground is that most of it sits in the middle, delivering a whole range of multifunctional outcomes.

No one seems to be aware of that, and we still have this problem of people sitting in different camps—an environmental or productivity camp—and never, ever will the twain meet.

Rosie Duffield: Thank you; that is an interesting point.

Neil Shand: I am not going to repeat an awful lot of the points that have been made already. All I would say is that there is still scope to improve co-design so that it is much better than it has been so far. It leaves a lot to be desired in many cases. If this was a schoolteacher's report, there is room for improvement.

Chair: I had many of those on my report, if I remember rightly. There was room for improvement, or room to work harder. I used to mess about too much. That is letting out secrets, is it not?

Q45 **Geraint Davies:** Phil, I want to ask about the sustainable farming incentive and how attractive and accessible that is compared to the direct payment scheme. Am I right to say that farmers of sheep have had a bit of a difficult time, not just with Covid but with export barriers and Brexit? Now, on top of that, they are likely to see a reduction of something like a quarter of their overall income, when I think they were told that they would not lose any money from Brexit. How attractive is the sustainable farming incentive to sheep farmers?

Phil Stocker: The answer is that people still do not know. We have obviously seen the detail of the SFI pilot, but that is only for a very limited number of farmers. When we come to the actual roll-out in 2022, we still do not really know what the design is going to be like or what the financial implications of that are going to look like. The sheep industry has managed to come through Brexit in a far better way, just like a lot of



other agricultural sectors, I guess. Some problems were forecast when that deal was done, and we still managed to maintain that access to the European market. In terms of the preparation that went into the industry in late 2020, and the promotional campaigns as well, all of that has come together to lead to very strong prices.

There is a danger, as one of the earlier providers of evidence mentioned. There is a real problem at the moment that, with those very strong prices, a lot of farmers will be looking at this, wishing and praying that this is maintained, and they do not need to have anything to do with the new schemes. A lot of farmers are looking at this as a very uncertain, bureaucratic process, and if they had the option of just focusing or relying on production and productivity alone, they would do. There is a bit of a challenge at the moment, because no one quite knows how long these really positive trading circumstances are going to remain.

In terms of the attractiveness of SFI going forward, there has been quite a strong level of interest in the pilots. There is a challenge that we have to overcome there in terms of them being recognised as learning pilots, and it should be less about farmers entering a scheme during this pilot. They are entering a learning process, and there needs to be real flexibility and adaptability within that scheme, and the enforcement needs to be really light as well, understanding that people are learning through the process.

As we come towards 2022, with the roll-out of SFI, although it is a bit unclear at the moment, it looks as though the approach is going to be a limited number of the SFI's standards that get offered to farmers, alongside an encouragement to re-join, to continue or to join a simplified countryside stewardship. But among most grassland farmers, countryside stewardship had a very poor reputation and is not seen as being very attractive for farmers. In the main, particularly in upland areas, CSS has often been associated with simple livestock reduction numbers because that has been a very easy calculation to make in relation to income forgone.

Going forward into 2022, CSS plus a very limited model of SFI, potentially with very low payment rates on those two SFI standards, could not be quite as attractive as we would like.

Q46 **Geraint Davies:** I will turn to the beef sector in a moment, but, in a nutshell, you have mentioned that the sheep farmers have done okay because the prices have held up and gone up. If there is a reduction in SFI compared to the previous direct payment scheme, given that the prices are volatile, is there a scenario in which we could see a worse price situation, and it is that point, in the middle of a transition, that a lower subsidy may harm the industry? If that is the case, do you think the Government should provide any reassurance or financial undertaking, that they will support sheep farmers if the market gets weaker?



Phil Stocker: We would love to be in a position where our farmers were sustainable enterprises without support, but we know the level of volatility in the market. We are also seeing our normal trade going into the European Union fall because of some of the non-tariff barriers going into the European Union. That is probably falling away at a pace that is not in balance with the development of markets elsewhere across the world. We are expecting to see some volatility over these next few years, and it is absolutely right that the Government should provide some cushion to allow sheep farmers to survive through that process.

Q47 **Geraint Davies:** That is, presumably, true in particular for the ones on the uplands. I had better turn to the beef sector, or the Chair will start telling me to be quiet. Neil, in a nutshell, what do you feel about the sustainable farming incentive as a replacement for the direct payment scheme, given that, of course, that will lead to a reduction in the overall amount of subsidy, when I understood farmers were told that they would not lose any subsidies as we made these transitions after Brexit. What is your view?

Neil Shand: Phil has covered the initial point extremely well. There is still an awful lot of unknown in terms of what value of payment will be available for what tasks undertaken. It is almost like I offer you a job to do next year, but I cannot tell you what the job is or how much money you will get paid for it. We are almost in a scenario like that. There is also still a fear factor and real concern that the costs to achieve some of the requirements within SFI will outweigh the benefits of being in it and further reduce the amount of payments that farmers can get. As I said earlier, if you have a £40,000 basic payment, and in four years' time it reduces to £19,500, we cannot see anything yet that adequately fills that financial hole.

Q48 **Geraint Davies:** Therefore, you think people may stop doing business, and other people who are thinking of taking their place face more uncertainty about whether they are going to get a return, and that could have a consequence to the overall size of the production base in beef. Is that right?

Neil Shand: Yes. There is lots of talk about the herd going up and down. It goes up and down, to be fair, over three or four years, in very small numbers. It is inexorable, and it has started again this year. They will be going out in the spring, for calves to be born next year, for beef for 2024. We cannot stop it, and there is a resilience within agriculture, of all sectors, that will continue. The SFI has to be attractive, and there is not enough information known about it yet.

It is important that it is attractive enough to get buy-in to start with, and then it can be developed as time goes on. Some of the previous witnesses already covered that. We have to encourage people to start with it and not wait. If you look at the calendar of doom in terms of payment loss, there is a period between 2022 and 2024 where the industry will be very vulnerable if things are not addressed very quickly in



terms of the value of SFI. It is that period that we need to worry about. This year more or less looks after itself. Trade in most sectors is very good, but that area between 2022 and 2024 would worry me a little bit.

Q49 Geraint Davies: Do you think we should have some financial guarantees or undertakings from the Government so that people do not, because they do not know what is happening, get out of the market, or small operators get taken over for under their real value?

Neil Shand: Yes, because they could put in place some sort of parachute to ensure that livestock producers are not left out of pocket if the scheme is not ready; if the SFI is not ready and does not deliver enough, their basic payment could be guaranteed.

Q50 Geraint Davies: I will now turn to Julia. How attractive are the sustainable farming incentives looking, particularly in relation to the withdrawal of the direct payment schemes?

Dr Aglionby: We have serious concerns with regard to this, partly because we do not even know whether commons are going to be eligible for the sustainable farming incentive yet. We do not know how they are going to be able to enter, because commons have to enter collectively. The big shift is that, under BPS, you tick a box on your BPS form and you put the number of your common land unit and the number of grazing rights you have, and then you get that money directly to your own bank account, while with SFI, with collective environmental schemes, you have to join as a group. Some of these groups have up to 380 members, so you can imagine that talking to 379 other people and trying to get a deal together with them takes time, and we do not even know what the standards are.

The big thing, which other witnesses have brought up, is the interaction between countryside stewardship, environmental stewardship and SFI, because you clearly cannot be paid twice for the same piece of work. It is the stackability. When we look at SDA land—severely disadvantaged area land—we know that your stewardship money is about £16,000 and your BPS is about £30,000. You are already being paid that £16,000 and you cannot be paid that again for those ecological benefits.

The question is what DEFRA are going to be able to pay people under SFI to make up that difference, because the hole is enormous. By 2024, people will have lost £15,000; by 2028, they will have lost £30,000. Where can they make that up? Because of the way the income forgone payments are, they are not very attractive. Income forgone and countryside stewardship works reasonably well stacked on top of BPS, but once you pull away the rug of BPS, everyone is left dropping through the floor into an unviable situation.

Our real concern is whether SFI will be eligible and how it interacts SSSI consent. Nobody had brought this up yet, but 52% of common land by area is sites of special scientific interest, and those require consent from



Natural England. You cannot just click a box on a computer on RPA and get your scheme. Even after you have negotiated with 10, 20 or 50 other people, you cannot do that. You then have to have Natural England come in and say whether they think this is a good idea. They may not be so interested in the public goods you are interested in offering the Government, because they are interested in how the SSSI is managed, which is their statutory duty, and of course they have a right to be interested in that, but it makes it very complicated. If over half your land is common land, you are left massively at risk. People might think I exaggerated the situation earlier in my responses to Rosie, but this is desperate for people. They really do not know how they are going to make up that gap.

Q51 Geraint Davies: If the money is not there, and indeed if some people cannot negotiate well with other people and you cannot put forward a collective bid, then everything could fall out of bed. Obviously, a lot of people could go bust, and areas of special scientific interest could suddenly have very little livestock on them. Is that right?

Dr Aglionby: Natural England is interested in having the right numbers of livestock on that, which generally means less than the farmers would like in most areas. Natural England would often like a bit more in the lowlands, but in the uplands they would like fewer livestock. We have this challenging negotiation to take place. SFI is not quick and easy to enter into. If we look at counties that have a lot of common land, such as where Neil Hudson is in Cumbria, or in Yorkshire, or Dartmoor and the south-west, there are huge numbers of commons there, and farmers are very vulnerable to not being to apply SFI because they will not be able to, first, as you say, do the negotiation, and, secondly, they may not be offering the right suite of services.

Q52 Geraint Davies: How much of common land food production may possibly end if this new sustainable farming incentive system does not really work and does not offer the money needed for sustainable farming?

Dr Aglionby: We are not really looking at food production by itself. Clearly, these are farmers producing food. We are really looking at those wider benefits, because the proportion of meat produced off commons, given commons are 3% of England, is relatively small. I am not going to run a kite that does not exist, but if we look at public access, 40% of open access land is common land. Where are people going on their holidays this summer? They are going to Dartmoor, Exmoor, Yorkshire and Cumbria. Those are the places they are going to, where the proportion of our national parks that are common land is very high: 37% of Dartmoor, over 30% of Yorkshire and 28% of the Lake District National Park.

If you do not have the grazing and you do not have the graziers there, we have bracken growing up and we have tick disease. We have a total change. We know that there will be change, and we know there are opportunities for more woodlands and for improving wetlands, but these



are managed landscapes. Twenty million people come to the Lake District for their holiday. They do not go to the Fens for their holiday. I have nothing against the Fens. The Fens produce great food. Yes, we produce lovely lamb in Cumbria, but people also lift up their eyes to the hills; people are really looking, in terms of their spiritual, mental and physical wellbeing, from these places.

Q53 Geraint Davies: In a nutshell, the Government should quantify the downside financial risk of losing all this tourism, if they pull the plug on some of the farming that occurs at the moment on common land, by trying to save money from subsidy cuts. Is that right?

Dr Aglionby: Yes, exactly. One element is the tourism. The other is in terms of wellbeing. Natural England do brilliant work, in what is called the MENE survey, about access to nature. We know that mental health is a major issue. It is wonderful that outdoor activity centres are now able to open, but those children need to be able to get on to the land and enjoy it. It is broader than just tourism. Yes, that is the hard pounds, shilling and pence, but there are many other benefits to society that come from common land. Some 67% of the New Forest national park is common land. We have a scheme there with 700 commoners, and they are very dependent on BPS, because they are getting BPS at the lowland rate.

You get these juxtapositions. The New Forest national park is the only national park with a Porsche garage and a Maserati garage opposite each other, and yet the commoners who live there are living with very low incomes, in juxtaposition against the very wealthy in our society. They are providing the environment that everyone else likes to enjoy.

Phil Stocker: I just wanted to come back on the issue of common land and food production. It is really difficult to look at common land in terms of food production only, but what I can say is that common land is absolutely integral and important to the sheep industry, both in the uplands and the lowlands. We are unique in the whole of the world in having this stratified sheep sector, where, for hundreds and hundreds of years, we have used those really hardy, high maternal genetics that thrive up in those uplands, and then when they are crossed with long-wool breeds and more prolific breeds, they come down to the lowlands and they produce these really prolific and milky crossbred ewes that produce our terminal lamb production down in the lowlands.

The maintenance of those really hardy, unique, traditional, native genetics in the uplands are fundamental to the successful operation of sheep farming in the UK.

Q54 Chair: That is a really good point. Neil, do you want to make any last comment from the beef side?

Neil Shand: No. It has been pretty well covered. There are grazing cattle also on common ground, similar to what Phil says, but not nearly to the same extent. We will just leave it there.



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Chair: Julia and Phil have made really good points on the interaction between the commons and sheep production as well. Neil Hudson, Geraint has stolen a lot of your question, but I will leave you to develop it.

Q55 **Dr Hudson:** The “Two Ronnies” sketch continues—my questions have been answered previously again. Thank you to Julia, Phil, and Neil for being before us today. You have given fantastic answers, and you are really passionate advocates for your sectors as well. Julia, this question is directed at you. Thank you for being with us and banging the drum for Cumbria. I declare a very strong local interest as a Cumbrian MP, as Julia has touched on, with a big agricultural footprint in beef, sheep and dairy. As Julia has said, common land farming is very important in terms of supporting the environment and the tourist economy, preserving monuments and that side of things. It is a really pivotal time for that sector.

Julia, you have answered this previously, but, in summary, what concerns do you specifically have about the ability of those farmers who are farming common land to access the ELM scheme moving forward? What are your specific concerns? I know you have touched on this in a lot of your answers.

Dr Aglionby: Thank you, Neil, and it is good to be in front of you today. As you are probably aware, 16% of the country of Cumbria is common land; that is pretty phenomenal. Our particular concerns are on SFI. We also have to remember there is local nature recovery and landscape recovery, and we would expect most commons, in due course, to go into local nature recovery, because that is the higher tier, and with so many being SSSIs. But they need to have that underpinning of SFI, particularly as we are not expecting LNR to be available until 2024. Our real concern is about whether SFI will realistically happen on commons in time to secure the viability of commoners who are farming. That is our fundamental concern.

We are worried, in terms of cash flow and financial strain, that farms will not be able to enter into SFI in time, because the time required to get a collective agreement together will be too long, and their money is already draining out. In terms of cash flow, they know each year their income is going down.

As I mentioned before, our big concern is how we are going to integrate and stack SFI on top of existing countryside stewardship and environmental stewardship schemes. There is obviously a question as to what the payments will be and whether the payments will reflect all the benefits and all six baskets of public good. At the moment, we feel that the payments are being too narrowly focused on the ecological; while the ecological is critical, it is not the only public good that the Government should be supporting.



There is then this issue around SSSI consent. We have had many long and torturous discussions about how we can deliver SSSI consent. Even George Monbiot would say that SSSI features of interest are not necessarily the best for conservation, but they are a statutory duty that Natural England is bound to act upon. It is complicated.

One proposal the Foundation for Common Land put forward to DEFRA was that, for this interim period, commoners claim their SFI through a tick box to certain standards on their BPS form, rather than having to negotiate these agreements. I am sure the Chair of your Committee will remember the hill farming allowance, where you had certain standards you had to comply with. That was claimed through a tick box on the old SPS forms. There are opportunities for having transition arrangements to ensure that we secure the viability of these farms.

I am really concerned that disruption is a policy that this Government are reasonably comfortable with. If you look at one of the evidence slides—I think it is 3.7—in the farm accounts pack that DEFRA produce, it notes that what they call business deaths in agriculture are much lower than in the UK economy as a whole. The implication of this being much lower is that agriculture would be better off with a higher level of business deaths.

In commons, we feel this would be a mistake. I am not saying there should not be anybody who leaves the agricultural sector, but we are at a tipping point with the numbers of graziers we have on our commons, and we need to encourage and enthuse people that they are farming, they are producing high-quality stock and they are producing a high-quality environment, both for nature and for access. There are many concerns.

The Government have to lean into these concerns and say, “We have to find a way forward if we are going to keep these very special places,” because the risk for the commons is that, alternatively, people will stock up. It has been put forward several times today that you can intensify and avoid SFI. Is that what we really want on our uplands, our vulnerable soils and our vulnerable habitats? That would really undo all the good work of the last 20 years, where, after the headage, when people were paid per head, we have been making sure that we get back to a much better balance of stocking levels. We have not only a missed opportunity here if we do not get it right; we have worse than that—we have a further degradation of our environment that will possibly happen.

Q56 Dr Hudson: That is really helpful. You have again passionately articulated your concerns. In your answer, you gave us some suggestion about what the Government could do in terms of facilitating that transition. While you have the floor, are there any other take-home messages that we as a Committee can recommend to the Government to facilitate folk on common land being able to access the scheme so that we have a viable future moving forward? Are there any other punchy suggestions that we can put on record?



Dr Aglionby: Yes, definitely. We would also like to have independent facilitators. This is an area where, when we do these negotiations, we need to make sure that those negotiations are undertaken by independent facilitators and that these schemes are managed by independent administrators. At the moment, we are finding that the pressure we put on commons associations is too high. A lot of these commons associations are receiving between £150,000 and £250,000 a year, sometimes up to £1 million a year, which they then have to divide among many people. They have a vested interest, and often you might get, for instance, the largest grazier offering to be the chair because they have the most at stake, but then what does that mean for minority interests and the interaction with the owner of the common?

We feel that we need an independent facilitator, and we also need an independent dispute resolution process. I was discussing with the Secretary of State yesterday that we need a binding resolution. At the moment, an owner can veto a common going into a scheme. In Cumbria, we had an owner who only owned 4% of the common, and they vetoed a 2,500-hectare common going into a stewardship scheme because they did not like one small element of that scheme. Those farmers in your constituency are losing, on average, £10,000 each a year because there is not a dispute resolution process to prevent that happening.

Dr Hudson: Thank you; that is really helpful. As you say, these are very practical issues on the frontline in our part of the world. That is very important evidence that we can take forward.

Q57 **Julian Sturdy:** We have already touched on this slightly, but it is worth asking again so we can go into some more detail. Do you think DEFRA needs to do more to recognise livestock farmers, specifically in its plan for ELMS? There is not a lot of recognition at the moment in the scheme. I do not know what the panel think about that going forward.

Neil Shand: You are absolutely right. There is next to zero recognition on livestock. The point I would like to make at this time is that we have to remember what our farmers are here for, which is food production and, to a degree, a little bit of food security. That is where all production comes in, to be fair, but a big part of our membership is focused on food production.

I know the Chair will know these figures off the top of his head, but in the mid-1980s we were self-sufficient in overall food production for about 306 days of a calendar year; last year, that was down to 233. Livestock production can be part of the environmental solution, and we have to intertwine that and make sure that livestock production is not penalised as part of ELM, but it needs to be embraced and taken forward as one of the solutions of our environmental crisis.

Julian Sturdy: There were some very good points there.

Phil Stocker: What Neil said is absolutely right. I do not think livestock, as part of a more holistic approach to the way we produce food and we



look after our landscape in the UK, is recognised. It comes back to some of this silo thinking: that we either produce or we do environmental management. For generations, livestock farming has played that delicate balance of delivering both. Livestock production has a role in terms of producing high-quality, tasty, nutritious food, largely from resources that we cannot consume ourselves, such as grassland quite often on areas of land that we cannot do anything else with, apart from grow trees or rewild. Its ability to operate in a multifunctional way is completely underestimated.

In terms livestock and land producing livestock, in relation to carbon sequestration or its ability to provide habitats for nature, there has never been enough investigation, research or analysis of the multifunctional nature of livestock production, because it is either put in a productivity camp or an environmental camp. We are suffering with that in relation to our grassland. So often we talk about the Government's tree-planting targets, largely based on climate change ambitions, and there is evidence there to show that trees are good for storing carbon. Equivalent levels of knowledge still seem not to exist in terms of the role of our grasslands in being able to store and sequester carbon and act as a fantastic habitat for a host of underground life and biodiversity. It has the ability to filter soil. There is the whole debate about conifers and acidification that has just disappeared over the last few years.

Grasslands, and our permanent grasslands, are one of our most stable crops and our most stable ecosystems, which we are so suited to in the UK, with our temperate climate. The role of grasslands, in terms of multifunctionality, production and a host of public goods, is just completely underestimated, as is the role of livestock in terms of maintaining that grassland.

Q58 Julian Sturdy: Is that how you would like to see it recognised in ELMS?

Phil Stocker: Absolutely. It is about broadening the definition and range of public goods, as Julia has eloquently suggested, and recognising the multifunctional nature of what we do. We need to stop putting things in silos.

Dr Aglionby: I would echo that. Commoners' only legal rights are to turn out their animals to graze. The driver for all commoners is their grazing livestock. That is why they get up in the morning. If you ask a commercial commoner, someone who is focused on commercial stock, they will say the best time of the year is the sheep sales in the autumn; if they are a pedigree breeder, it will be lambing time. It is really critical that we understand the psyche of farmers and what they are doing, and that we can see and integrate—this is where people refer to what was happening in Wales and elsewhere—farming and the environment.

There are also some very specific roles in terms of grazing livestock, where they are required. If we look back to the Agriculture Act, there was



the role of native breeds. That is pretty absent from ELM so far; we have not seen any reference to native breeds there.

I am afraid I will return to the Lake District, which is a world heritage site and a cultural landscape. The reason it is a cultural landscape is because of the agro-pastoral tradition of the Herdwick, the Swaledale and the Rough Fell. It is that system of agro-pastoral grazing that inspired Wordsworth, that then inspired the picturesque movement, and that also then led to the inspiration for the conservation movement and the founding of the National Trust.

We really need to bear in mind that role that livestock play and that it not an either/or. It is farming with nature, not farming or nature. That is something that ELM has not yet brought on or recognised. It is very easy to polarise and say either, "I am a rewilder" or "I am an intensive livestock producer." The middle ground, for people like myself, can be a bit lonely and uncomfortable, but that is the reality of where we all need to be. Of course, there will be areas where livestock production is more intensive, but we have great opportunities to bring these together. So far, we have not inspired farmers that that is what happening and that there is a future for themselves. They do not see where they fit; they do not see their future in terms of this policy programme

Q59 Julian Sturdy: There were some really good answers there from everyone, and some good information. Is there anything else you would like to add on how DEFRA can specifically recognise livestock farmers in more detail? I know a lot of stuff has been said, but is there anything else that we need to add?

Phil Stocker: Can I just add something that has probably been covered within a lot of what everyone has said? It is about that more social aspect. Most of our livestock production, certainly our grazing livestock production, is done by tens of thousands of small and medium-sized enterprises, family farms, and there is a social aspect and socioeconomic benefits that they bring as well.

If we go back up to the Lake District, which is always a good example, I am really confident that people flock to the Lake District because it is beautiful place, but also because there are myriad small family farms, and then the communities that those farms hold together throughout the whole of the year—the villages, the market towns and the farmsteads. That social side and the ability of those businesses to be able to offer succession and opportunities for youngsters coming through is something that we may not have been that explicit about in this session, but those social factors of livestock farming, particularly that small farms bring, are equally as important as the environmental factors.

Q60 Julian Sturdy: It is the landscape, isn't? If you start changing agricultural policy, you could start changing the landscape within the Lake District, which then, as we have discussed, starts impacting on other sectors, such as the tourism sector, across the board.



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Phil Stocker: Yes, absolutely.

Neil Shand: The natural fertiliser aspect of livestock is often missed, in terms of the benefit of that and the reduction in the need for petrochemicals. Livestock tend to be siloed in certain things, but as part of a complete unit, they are a very important part of the future in terms of soil quality etc. That is often missed.

Julian Sturdy: That is a very good point.

Dr Aglionby: There are lots of opportunities in terms of bringing livestock farming within ELM and recognising the cultural heritage aspects. I would call them the farming systems. The thing that has really distressed me about this whole process is that we have moved to a reductionist approach. I think that, probably in 2020, they produced a spreadsheet of 1,200 options that they were going to use to build ELM from, and suddenly everything is reduced to actions and outcomes, rather than looking at systems. This is where we have missed a trick so far.

I know that the organics, PFLA and other sectors are also equally upset that we are not looking at a systems approach, where we integrate all these different public goods, partnering alongside goods that are sold at the till. When you sell your livestock at the auction mart, you can get cash for them. All we are doing here with the environment is we are selling goods to the Government that the Government are then paying for. It is just another enterprise, and it is about how we can really reflect the role that livestock play in that.

The Government have opportunities. We have brought this up. I brought it up with a senior Natural England director. I should declare I was on the board of Natural England for five years, but I have not been for the last two years. I know them very well, and we are very good friends. I said, "Why have you not got the cultural heritage in there?" They said, "Because if people turn out too many livestock, they can damage the environment." Again, you would have this segmented approach. You would not just be able to apply for a cultural heritage element: "I have a Herdwick flock". You would have to partner that with an environmental option as well, and this is where a reductionist approach does not reflect the complexity of the countryside.

I am in the Eden Valley in Cumbria, and when I walk across our fields, I have longhorns grazing, cowslips and bluebells coming through. We are producing high-quality beef. We are also a care farm. That is another aspect that is missing; we do not have that whole engagement side, the school visits. Joining the dots between the different aspects of the countryside is something we just have not seen, and that could go into SFI as well, as well as into LNR.

I should say that LNR is an unfortunate name. If you are looking at all six public goods and you call it local nature recovery, that does not reflect all



the other public goods that we are supposed to be asking people to produce. It should be about local environmental action rather than just nature. Nature is critical, but, as I have said previously this afternoon, it is not the only public good.

Phil Stocker: If I could just add, it is probably a worse situation than livestock production not being recognised; it is actually being damaged by being demonised in some quarters as well. In terms of many of the positives that Neil mentioned—the ability to add organic matter and nutrients to the soil and the recognition from the University of Oxford about GWP* and the more natural recycling of methane in the atmosphere—none of that is being recognised. It is worse than it not being valued. It is being demonised.

Chair: That is a very good point.

Julian Sturdy: It is a very good point. Thank you; there was some good evidence there.

Chair: There were very good answers there, thank you, as through the whole session.

Q61 **Robbie Moore:** Thank you to the panel for your answers so far. It has been a really interesting session. My section focuses on regulation and advice. We have seen that previous agri-environmental stewardship schemes, such as the countryside stewardship scheme, have generated a considerable frustration among many farmers, due to the perceived inflexibility and some of the challenges associated within the enforcement regime. What lessons should DEFRA learn from previous schemes about enforcement and monitoring of those schemes?

Dr Aglionby: If we set up schemes well, people are much more likely to have ownership of them and they are much more likely to deliver. A lot of the problems that we have are that people do not understand what they are applying for, and that is where the advice comes in. I do not know if you have seen any of the work by the University of Sheffield; Ruth Little and her colleagues have been doing some fascinating work there. We reap enormous benefits from investing in advice, particularly for people who are not regularly reading the blogs on the DEFRA website and things like that.

We need face-to-face advice, in terms of having people up people's drives. I am doing some work with the Food, Farming and Countryside Commission, and we are looking at a farming smarter toolkit. That is not just as an online toolkit; we train people who go up the drive, whether it is the vet, the accountant or your land agent. Whoever it is you are meeting with, they can support you in how you adapt your business. Advice can come in many forms, and people have already talked about the importance of peer-to-peer learning. But some people are just too frightened to even talk to their neighbours, because they are worried about their personal situation. The accountant may be the only person



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they really open up to. I know, as a land agent myself, it is amazing what people will tell you, so we definitely need advice.

In terms of commons, independent facilitation needs to be paid for. I will not go over that again. The work of CCRI, at the University of Gloucestershire, has also shown the importance of advice. If you do not have that, people's schemes will not be nearly as good.

I have a little story. We have a gill on our farm, and 15 years ago we went into a new scheme. We had a Natural England adviser come round. He was a lovely chap, called Paul Lancaster, and he said, "Julia, why do you not fence off that gill? You'll then get wonderful regeneration in that woodland, and you will have a convenient little field there, and the cattle will not get into the wood." We did that. Very sadly, Paul died unexpectedly, at a very young age. That is now Paul's wood. We have the most amazing flora in that wood. We also have other interesting flora in that field that we have.

When it came to go into countryside stewardship, Natural England's staff had been so cut back that, literally, the adviser did not leave the kitchen table. They did not go into a single field in our farm. We did not do anything inspiring when we moved in, because we had nobody to come, with fresh eyes, to say, "What are you going to do?" We missed that opportunity to make some changes. I would strongly recommend advice is provided. HLS provided it through the FEP scheme; you had a FEPer and you had people with earned recognition who then gave the advice.

If you get that right to begin with, your need for enforcement is a lot less, because people are committed to what they are being paid to produce, but you do need enforcement. Particularly on commons, there are huge challenges, with multiple people involved. It is about the good cop and the bad cop.

Q62 Robbie Moore: I know you are saying that that advice is really important, but should farmers be paying for that advice in order to get into those schemes?

Dr Aglionby: You could have a mixed approach, particularly with the harder to reach, where I think we should be paying. It is well worth while investing in advice. We did it previously, where you had a FEP grant. I am not saying it should be endless—it is not a blank-cheque approach to this—but there should be a grant available to support farms going into schemes. It worked well. It does not need to always be Government advisers; it can be a whole range of other people. You effectively get a voucher that you can then spend on who you would like. That advice has to be of a certain quality. You only get the voucher if it is well spent.

Neil Shand: I have a couple of points. One concern we would have is we have to be careful that the advisers are not the ones who end up making money, and we have very rich advisers and very poor farmers. That is a point we are very conscious of.



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Secondly, we have been promised a soft-touch approach; possibly “training” needs to replace the word “penalty”, at least in the first instance. A lot of wrongdoing or offences that occur are actually just through a lack of knowledge, perhaps, in the first instance. We are all for management of our system, especially when it is public money, but the punishment must fit the crime, and there needs to be a training element put into the first instance before people are docked a third of their payment for something that is inadvertently done.

Phil Stocker: Advice is on its way, and it is really important. When you are talking about advice in relation to agri-environment schemes or future ELM schemes, there is a case for that to be free, challenging, encouraging and supportive. It has to come from a trusted source, someone who is trusted within the region and understands land management and farming within the region.

We are starting to see it now in terms of the development around the animal health and welfare pathway programme, where it looks as though veterinary advice is going to be built in as an integral part of the pathway. That will result in an advisory vet visit, with the vet coming on to the farm to give some guidance in terms of health and welfare management.

In relation to Government schemes and the big changes that farmers are going to go through, agriculture is going to go through such a lot of change over these next few years that we believe that there will be an appetite for farmers to take more business advice. The sheep sector has never been a big user of advice and consultancy, but tomorrow we are launching a new initiative called RoSA, the Register of Sheep Advisers, in partnership with BASIS; we will be developing a register of known, trusted advice for sheep farmers. These people could be business advisers or people who work on the more technical key performance indicators for businesses. They would not necessarily be experts in veterinary matters or environment, but our aim would be that they would have a broad spread of knowledge and information and be able to bring other experts in where more in-depth information is required.

We think that there is going to be an increase in uptake in and appetite for advice for farms. Just as Julia suggested, we would say that there is a case for grants or vouchers being given. Advice is likely to support the delivery of many of things that the Government want to achieve, just in the same way as the schemes will support the delivery of those objectives. There is no reason why advice to encourage the uptake of those sorts of approaches should not be supported financially.

Chair: Neil, I liked your comment that you do not want wealthy advisers and poor farmers. The point there is that the Government do not want to make the scheme so complex that you are going need so much cost in advice. Phil and Julia also talked about the trusted advisers.

Thank you to all three of you for a really good and thoughtful session.



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What we have talked about in this session is how interlinked the landscape is with food production, how the public want access to it and how it is all interlinked, and if you have an overgrown countryside, you will not get the public there. We need great food, and extensive grazing produces great grass-fed beef, lamb and milk.

Your evidence certainly rang very true in my ears and the Committee's ears. The Government are going largely in the right direction, but they need to make sure that we have practical policies in the end that farmers, landowners and commoners will all embrace, because, in the end, 70% of our countryside is farmed, and you want to bring farmers with you. This is the whole idea of our inquiry.

We thank you very much for your evidence this afternoon. We had a good first panel and an equally good second panel. It has been slightly different as well, which is very good. Thank you to Jonathan and Max, who have helped to organise from the EFRA staff side. With that, I shall thank you, as witnesses, very much for your very good answers, and I thank all members for asking very good questions as well. Goodnight to you all.