

# Environment, Food and Rural Affairs Committee

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

Wednesday 25 May 2021

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Members present: Neil Parish (Chair); Ian Byrne; Geraint Davies; Dave Doogan; Dr Neil Hudson; Robbie Moore; Mrs Sheryll Murray; Julian Sturdy.

Questions 63 – 125

### Witnesses

I: Martin Lines, Chairman, Nature Friendly Farming Network; Vicki Hird, Head of Sustainable Farming, Sustain; Ian Davis, Spokesperson, Farming Forum Grassroots Group.

II: Caroline Drummond, Chief Executive, Linking Environment And Farming (LEAF); Jeremy Moody, Secretary and Adviser, Central Association of Agricultural Valuers; Jenny Phelps, Senior Farm Conservation Adviser, Farming and Wildlife Advisory Group South West.

Written evidence from witnesses:

- [Nature Friendly Farming Network](#)
- [Sustain](#)
- [Central Association of Agricultural Valuers](#)



## Examination of Witnesses

Witnesses: Martin Lines, Vicki Hird and Ian Davis.

**Chair:** Welcome to the EFRA Select Committee this afternoon. We are carrying on our inquiry into environmental land management and the agricultural transition. We welcome our first panel this afternoon of Martin Lines, Ian Davis and Vicki Hird. I am going to ask ladies first to introduce themselves.

**Vicki Hird:** Hello, I am Vicki Hird. I am head of sustainable farming at Sustain, the alliance for better food and farming, which is 100 organisations working together for better food and farming.

**Ian Davis:** Good afternoon. I am Ian Davis, a lifelong tenant farmer and a recent owner occupier, breeding beef cattle in mid-Hertfordshire. I also spent 23 years working for the Environment Agency in flood risk. I am here as a nominated spokesman for an ad hoc group of livestock farmers from diverse landscapes across the UK, all of whom use the Farming Forum.

**Chair:** Welcome. You come highly recommended by George Dunn, so we look forward to what you have to say for yourself in a minute.

**Martin Lines:** I am Martin Lines. I am a farmer in Cambridgeshire and the UK chair of the Nature Friendly Farming Network, which is a farming-led network from across the UK.

Q63 **Chair:** Thank you all very much for joining us this afternoon. We are drilling down today on the practicality of ELMS, how it is going to be rolled out, where Defra is and what your impression is. Defra originally announced its plans for a seven-year transition in 2018. Is that timescale for transition from direct payments to ELMS still deliverable? Naturally, it will still be a seven-year one from now. Is it too quick? Is it not quick enough? What is your view?

**Vicki Hird:** We have lost time. Probably everybody will be saying that, regarding how we have seen the ELM schemes develop. We have lost time, so it is now a bit of a rush. It feels slightly worrying that we are rushing forward with approaches and programmes that maybe will be problematic.

That being said, we need to get on with it. We need to have the pilots done. We need to have farmers aware of the timetable and the detail as soon as possible, because we have a climate and nature emergency. We have farmers who need to know what is going to be ahead of them, in terms of farm support for public goods, as well as market support and all the trade deals et cetera. We really have to get on with it and move quickly.

It is slightly worrying how things seem even to be slowing down now with the rollout of the SFI next year potentially being quite narrow. It will get



all farmers on to the idea of being part of this scheme, so that is a good thing. Being positive about it, it is good that it is getting going and we have the pilots starting this year.

**Q64 Chair:** One question I will put to all of you is that a lot of the pilots seem to be coming through now or are being set up now. You wonder how much notice and time Defra will have to take notice of the pilots. Are you at all concerned by that?

**Vicki Hird:** It is an issue but they have had a huge number of tests and trials to learn from. I understand there are about 2,000 farmers involved in those tests and trials over the whole country, looking at all different aspects. I am hoping they are learning from that.

I was looking at one report from the end of last year looking at those. I am worried, because the land management plan was very much at the core of the scheme design and there was some really good feedback about a land management plan: 85% of farmers were in favour of having one. Yet I do not see huge evidence of a land management plan. That is an example of maybe learning not being done. There is a risk that they will be surging ahead with schemes based, potentially, on old agri-environment schemes, without the ambition, scope and whole-farm approach that is needed.

**Q65 Chair:** Ian, there is a second part of my question. You can answer the first and second parts together. Are there groups of farmers who will find the transition to public money for public goods particularly challenging?

**Ian Davis:** As a group of livestock farmers, we are particularly concerned that the timescale will be a major challenge for livestock units. It is a reasonably easy ask—well, it is not easy, but it is reasonable—of arable farms to change their approach significantly from one year to another, as we are being effectively asked to do with SFI coming in next year.

For many livestock units, making significant changes to the overall business approach can take many more years from that. If you decide that you want to change your genetics, for instance, as I am intending to do, to go from continental breeds to more native breeds and things like that, changing a herd can be the work of 10 years. Breeding up the necessary number of animals is not something that is realistically achievable within that timescale. Livestock farmers are at risk of getting caught out particularly by how quickly everything is happening now.

**Q66 Chair:** Without putting too many words into your mouth, extensive farming, both sheep and beef, is highly reliant on basic farm payment for sustainability and profitability. Are you particularly concerned with them, not wishing to lead you too much?

**Ian Davis:** They are probably going to be the hardest hit, yes. For the most efficient lowland livestock producers, the opportunity is there to adapt the way we operate our businesses, to take cost out of the business and become more profitable and less reliant on subsidies. For



livestock producers in the upland and less favoured areas, the financial reports that have been coming out over the last couple of decades clearly show that they are utterly reliant on BPS support and the environment schemes that are in place at the moment. If SFI and ELMS do not deliver a replacement for current funding effectively, we are potentially looking at a collapse in that sector.

**Q67 Chair:** Martin, would you like to link in both parts of the question that I have asked in your answer?

**Martin Lines:** The timeframe has been clearly laid out. We have known the reductions are coming, so hopefully most farmers understand that. I think most of them do now, so we are building our business plans around it. We do not see the detail and information of what is coming next, and how that fits into our farming business and business planning. The SFI should, if it is delivered well, fit into our business plans, because it should help us deliver the assets to fit into the 25-year environmental plan and enhance the environment in our farmed landscape.

Unfortunately, we do not have the detail and we do not see a roadmap of that long-term delivery. For each farm, whether it is arable, livestock or moving from one system to another—many arable systems will move into a more mixed system—how do we do that? How do we fit our business plan into the restructuring and delivery timeframe from the Government?

**Q68 Chair:** I think most farmers would say that there is a good plan to tell them how they are going to take the basic farm payment away and much less of a plan on how they are going to get the timing of ELMS and the SFI in place. That is not necessarily to replace it, but to help give some income. Are you concerned by that, or not?

**Martin Lines:** I am really concerned about the language. A lot of farmers think that ELM is a replacement for BPS. It is not. ELM is going to be part of the future farming package. There are lots of other opportunities for funding. ELM is going to be split down to three packages. SFI will be one part of that part of funding and each option will be another small part. The rewards for each action that is taken under SFI are going to be quite small. As we see it roll out, my fear is that many farmers are going to feel that it is not worth participating in. It is only a small reward for that individual action and we are not seeing it as a combined package of what we can deliver.

**Q69 Chair:** If you are a dairy farmer, you will get a lot of your income from your milk cheque from selling your milk. If you are not careful, a lot of them will ask, "Is it worth the effort in going for it?" How do we encourage them and others? If we want to go into an environmental approach to farming in this country, how do we make it perhaps a little bit more palatable to them? Is there an easy answer?

**Martin Lines:** Make what you want to deliver clear. Also, it is the enforcement. What other legislation and rules are coming in through the clean air strategy, the clean water strategy and all those other things that



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will affect my business and every other farmer across England? We need that clear roadmap of enforcement, rewards for delivering above baseline and that additionality that we can deliver with public and private finance in the future.

**Q70 Chair:** On the one hand, British agriculture is being told to go in the direction of the environment and animal welfare, which is quite laudable and right. On the other hand, we are told to be more competitive. In a moment, I am going to bring Geraint in to talk a little bit about the Australia deal. How can we go in both directions? Have you given that any thought?

**Martin Lines:** From the research we have done and the work of Chris Clark, our England chair, around maximum sustainable output, we know that our landmass will only produce so much until we degrade the landmass, our soil and environment, or stress our businesses. We each have to find our sweet spot within our farming system of what the carrying capacity and production level of our business is. Stretching and forever increasing production is actually causing many of the problems we are currently sitting in, as a farming industry, with our environment and our low cost of returns. It is going to be a lot of changes for farmers to readjust their businesses. That needs to be done over time.

**Chair:** That was a good answer. Geraint, do not take too long on the Australia deal. We have not come here today to talk about it, but I have given you sanction to do it.

**Q71 Geraint Davies:** We have been told that we need to get this Australia deal done by June. Here in Wales, the average size of a sheep farm is 118 acres. In Australia, the average size is a hundred times bigger, 10,700 acres. We are going to be suddenly hit by huge economies of scale, intensive farming, sweeping forward. Ian Davis, how do you see that deal affecting sheep farmers, beef farmers, including you, and other farmers at a time when you are basically getting less payment, with the shift towards SFI and ELMS payments?

**Ian Davis:** Sheep farmers are clearly going to be on the front line of this. The economics of sheep production, the majority of which in the UK is very much based around the economic use of the uplands, is tenuous at the moment at the best of times. Every farm business is going to have to look very closely at the business plan it follows and how it adapts to this. If we are going to compete on an international trade deal, every farm is going to have to find a way of taking cost out.

I cannot see a way in which we are going to significantly increase the income to farms for the products that we are producing. Overwhelmingly, the products we are selling are commodity items that are traded internationally. It is going to be about cost control. I have not seen anything at the moment that makes it clear to me how some of the upland farms are going to be able to massively reduce their costs as necessary to compete with the sorts of producers you are talking about.



**Q72 Geraint Davies:** You mentioned that it takes 10 years to change a herd. I was in fact in New Zealand a couple of years ago, with another committee, looking at sheep farming there. They have basically focused on sheep that all produce twins, as opposed to three sheep, which is more dangerous, and one sheep, which is less productive. If we want to get on a level playing field and change our average sheep type of thing, do you not think that sheep farmers and other farmers should be given more support from the Government in this transition, rather than just letting the floodgates open for sheep from Australia, for example?

**Ian Davis:** Twins are actually not a good idea on upland farms. The nutrition is not there to support ewes that can feed twin lambs. The UK is virtually unique in the world in having a stratified structure to the sheep system. The smaller ewes that are hardy and can thrive on our uplands produce cross-bred lambs that are then drafted down to the lowland to act as mothers against terminal sires that produce high-value large carcasses. That is what is underlying the whole problem and putting the upland areas at a significant disadvantage in this one.

As part of your comparison, I would point out that, generally speaking, these huge Australian farms have much, much lower stocking rates than we do. Because of the different environment that they farm in, a 10,000-acre farm in Australia would be a very different prospect from a 10,000-acre farm here.

New Zealand is a bit different. They have really mastered the art of low-cost production, but it has taken them since 1984 to do it, when subsidies were withdrawn. They have also had the freedom within that period to do whatever was necessary to take that cost out of their production. They have very aggressively bred a national flock that is suited to that type of production. There have been welfare issues over that period in between, but they have bred those welfare issues out. We have not got time to make those sorts of changes here. There would not even be an option of buying the right genetics on the international market, because it is not there in the volumes necessary for British producers to suddenly change the nature of their flocks.

**Chair:** That is a really good answer.

**Geraint Davies:** Do you have anything to add, Martin or Vicki? We had a full answer from Ian.

**Martin Lines:** It really goes down to that standard of production, the inputs and outputs. Much of what we produce is produced at a different standard and to a different regulatory baseline. We need to be competitive on that baseline.

**Q73 Geraint Davies:** I will leave it there. I think the Australians would argue that they do reasonably well. I am wondering whether the size and ferocity of the competition will overwhelm us without protection. Is that a reasonable assumption?



**Martin Lines:** They have a long way to transport it. If we can connect to our consumer with the products we produce, that is our market route.

**Vicki Hird:** We should be going more down the quality route and promoting what we can do. We have breeds that are very well suited to very different parts of the landscape in the UK, so we should focus on those. As Ian said, you are thinking of going to a more traditional breed. That makes a huge amount of sense, but we have to get people to recognise the quality and promote that. Maybe Government have a big part to play in that too, promoting good-quality UK meat where it makes sense to produce it, but also supporting the public goods from those systems.

There are systems where you have fewer animals but possibly more trees and shrubs, which can also be part of the farming system, protecting the livestock. There are really good examples of silvopasture out there that are really exciting. It is looking at all the different public goods and market goods that we should be doing, not going for commodity.

**Geraint Davies:** And labelling the lamb British and Welsh.

**Chair:** That is right. Thank you for those answers. We had better park that one there; otherwise we will take up the whole afternoon on the Australia deal.

Q74 **Ian Byrne:** I am going to direct this one to Vicki to start with. I want to touch on the engagement from Defra during the process of designing ELM. Julia Aglionby from the Foundation for Common Land said that there is a perception that, despite the best efforts of Defra, "co-design is a fallacy". The Farming Forum Grassroots Group said, "Our overall experience of these engagements has been that they have been carefully choreographed events with quite tightly controlled opportunities to comment". Sustain said, "We have been disappointed in the lack of engagement with a broader range of farming groups". What has been your experience of engaging with Defra on the design of ELM?

**Vicki Hird:** We have been involved in the engagement group for what feels like three and a half years now. It has been a long time and a lot of us have been in a lot of all-day meetings and deep dives. There have been frustrations about that, about not being listened to during those, and they came out in the meetings. Defra staff made a lot of changes and have made a great effort. I would agree that Defra staff have been doing a lot to try to engage and particularly engage with the farming community.

The tests and trials are brilliant. If we could read all the tests and trials data and learn from that, it would be an amazing resource. I think that is where Julia and others are coming from. It does not feel like they have applied a lot of that learning and all that we have been saying in those engagement meetings and all the workshops that were done, admittedly on Zoom over the last year. That allowed a lot of farmers to actually



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come when maybe they would not have done, but is that reflected in the eight standards that we have in the pilot and the standards that are going to come through in the rollout next year?

There was a big disappointment, as you would have seen, when the money was proposed and with the type of standard detail that was given in those eight standards. There was a lot of disappointment, particularly for groups like organic, agroecological farmers, who go much further than the top level of scheme in the SFI standards. They will not be rewarded for the much further that they go. They do not feel like they have been listened to or that there is any option for them that really works.

I know Martin will probably agree that we need a kind of scheme that works for the whole farm, and probably Caroline at LEAF will say this. We need an integrated farm scheme that looks at the farm as a whole, using the whole farm system to deliver outcomes, which are public good outcomes as well as business outcomes. That feels untouched by SFI, because it is so parcelled out into different specific standards. We need something that is looking at the whole farm as well, like organic farmers using whole farm or other farmers, pasture-based, looking at how nature can deliver a whole load of things as well as public goods. Those kinds of things have been neglected.

Lots of things have happened. I have really admired Defra's staff for what they have tried to do. At the moment, it feels like we are not seeing the co-creation adequately. We are falling back on old agri-environment scheme things, which Natural England know very well and have done for decades.

**Ian Byrne:** Your answer was quite comprehensive.

**Martin Lines:** I have been involved in it for an awfully long time, it seems. We have gone over a lot of stuff repetitively and not actually seen where we are delivering and the difference. Projects and research have been done, but why has it worked and why has it not worked within Defra's thinking?

Under the SFI, because of the pandemic they have gone online this past year. That has given a lot more opportunity for farmers to engage. We have been approached by Defra to find farmers, not just our own members, to join those Zoom meetings and discuss actions around stone walls, upland, lowland, meadows or all different aspects they are looking at. They are looking at them individually, and it is always about those individual actions, not collaboratively working together.

The biggest problem we have is that we do not know what to tell farmers. Much of the information when we sat in meetings was confidential. They have moved to a traffic-light system now, which we really welcome, so we know what we can take out and talk about. We need to be talking to farmers about the journey they are going to have to go on and what is coming. We need that information to start warming them up. We need to



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use the stakeholders and the whole industry to get the farmers ready. Defra will never reach every farmer, but Defra's information must reach the farmers. That is the role for all of us, to go and reach out to farmers and spread the news of what is coming.

**Ian Byrne:** They are really good points.

**Ian Davis:** Although I have been an NFU and a CLA member for a long time, not having been directly involved in a lot of these early conversations, it feels, as farmer myself, as though there has been an absolute absence of useful information for business planning reaching the farmer for a long period of time. It is only fair to say that the engagement from Defra has stepped up incredibly over the last six to nine months. David Kennedy and Janet Hughes have put themselves out there and run a couple of question and answer sessions on TFF, the Farming Forum, at which they took a range of questions from us and answered as honestly as they could. That was the first genuine attempt I came across from Defra to answer questions that had actually come up directly from farms.

One of the problems is that so much of this has been done for understandable convenience through the organisations like NFU, CLA and various others. They all face the problem that it is very difficult to represent the whole of the farming industry as a single organisation.

It appears to me that there is a problem within Defra and, particularly, within the extended Defra family that an awful lot of the staff have little, if any, practical experience of farms and therefore have very little understanding of the incredible diversity of the farming industry in the UK. At the one extreme, you have specialist potato growers in the eastern region or big AD units that might be contracting in land on an annual basis from various farms to grow 20,000 acres of forage maize or 5,000 acres of spuds.

At the other extreme, you have 150-acre farms on the Cumbrian hills that are scratching a living, actually living off less than the national minimum wage, desperately trying to do the best they can in the situation that they are in. It is very hard to design a system, as we are trying to do, that fits all of those. It is even harder if you do not actually talk to everybody.

**Ian Byrne:** That is pretty clear. It has been a very comprehensive session.

**Chair:** Those were very comprehensive answers. From Vicki, organic farming is one of the issues that we need to make sure is being taken seriously. I do not think it is being taken seriously enough yet, so it is something that we can hopefully put in our report. Also, Ian, from your point of view, you are right. We have to be careful that Defra, Government and all the organisations involved in ELMS do not talk to themselves. They actually have to talk to real farmers on the ground and



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make it practical. That is something we are trying to help with, so thank you for those answers.

**Q75 Mrs Murray:** I am going to go to Vicki first, because you actually referred to this in your last answer. I will roll both of my questions into one. You have expressed concerns that ELM will focus on individual actions and outcomes, rather than looking at the whole farm. What do you think the balance should be? Also, are you concerned that ELM places too much focus on raising the performance of farmers who are not delivering public goods, rather than rewarding those who already do?

**Vicki Hird:** Those are really good questions. I will start with the latter. There is a real risk, and we do not know what the regulatory baseline is. We have not had the Environment Bill in place. There are loads of question marks, as Martin mentioned earlier, about air pollution, water pollution and things like that. There have been some statements of concern from conservation bodies that it feels like the SFI is not much above the baseline and is not really ambitious enough. I can understand why they are saying that.

We need the design to get as many farmers as possible on board on the baseline, on the basic level, but then reward you going up. The payments at the higher tier in the SFI, as they are standing now, are not good enough. A lot of farmers are saying, "I would not bother going any higher than the first tier because it is not worth it per hectare. The amount of money and the amount of difference is not enough". That is a real risk.

Although the organic sector is getting a lot of people interested in going organic, at the same time, some existing organic farmers are saying, "I do not know if it is worth me carrying on as organic when I am not getting any reward for the public goods that Defra has recognised for the last 20 years are delivered by an organic system, in biodiversity, less pollution, integrated pest management, et cetera". There is a real risk there that we are going to lose a lot of farmers doing good things.

At the same time, we totally agree that it should be available to all farms to get on the ladder of involvement. They all have a landscape. Just going on the landscape, the whole-farm approach, I totally agree. We are really worried that it is about parcels of land.

**Q76 Mrs Murray:** What do you think the balance should be?

**Vicki Hird:** We think that they have missed a trick in having a scheme that is whole farm. You could have a whole-farm standard that farmers could apply to, organic or not organic. With their land management plan, they are looking at the whole farm.

**Q77 Mrs Murray:** Do you not think there should be a balance between the two?

**Vicki Hird:** Do you mean in terms of how much budget is allocated?



**Mrs Murray:** No, how much we should be focusing on ELM and how much we should be looking at whole-farm outcomes.

**Vicki Hird:** It should be part of ELMS that the whole-farm outcomes should be rewarded. They provide very significant system-based outputs. The design should allow for whole farms to come into the scheme and you get payment related to the public goods that you are delivering on the whole farm.

Q78 **Mrs Murray:** Ian, I will repeat my question. We have heard concerns that ELM will focus on individual actions and outcomes, rather than looking at the farm as a whole. What do you think the balance should be? Could you perhaps give us your view on that?

**Ian Davis:** When the details of SFI were first published, in the group that I am here to speak for, we were all greatly disappointed to see that it was based around actions. We feel overwhelmingly that every farm sits in its own context. What works for one farm will not work for another. To get the most out of the environmental scheme, we need the flexibility for each farm to come up with its own approach, and for Defra to then reward the public goods that that approach delivers. The incentive for farms to change would then be seeing that the actual delivery of public goods was being rewarded adequately.

I take Martin's point earlier on that the money is going to be spread so thinly that I am sceptical as to whether sufficient reward will be available to make that work. If you try to impose a list of pre-identified actions across farms across England, you are going to find that they suit some locations and some farmers' businesses, and are completely unworkable for other farms, even ones that are, in the broadest sense, farming the same sort of sector. There is insufficient flexibility for the scheme to be workable for all farms.

**Martin Lines:** Defra recognises that many farmers are not up to minimum standard at the moment, so it wants to start fairly low to get everybody on a journey, but we are not seeing the roadmap. Okay, the standard may be low for a couple of years, but where is it going to be ratcheted up? What is the timeframe? What are the expectations from Government to get that reward and see that happen?

Those actions need to be clustered together to see landscape delivery, collaboration and whole-farm approach, because that is where the best value for money is. It is where we deliver benefits across a wider landscape, not just on an individual farm or hedge, to a standard. That is where a lot of the previous problems or fears from farmers have come from, that it comes out with a tape measure and a rule because it comes to a standard that is going to be enforced. It needs to be more of this holistic approach that you are doing the right thing, managing the landscape with the right approach, and each thing can add additional rewards or money into your business.



Q79 **Mrs Murray:** Could I come back to Martin and Ian with my second question? Are you concerned that ELM places too much focus on raising the performance of farmers who are not delivering public goods, rather than rewarding those who already do? A very quick answer of whether you believe that is the case or not would be very helpful.

**Martin Lines:** Many farmers I know of, within the network and wider, are already delivering amazing stuff, and have been for 20-odd years. As we transition, how do we reward them without double-funding them, because the Treasury is panicking about that? You are actually keeping them out of SFI, or the early rollout, and opportunities. We need to get that balance right, recognise what good is and reward the good things that happen.

**Ian Davis:** There is a serious risk of the very closely financially focused farms that have been delivering substantial environmental and public goods over the last 20 or 30 years viewing this scheme and saying, "The logical thing for us to do is actually start ripping up some of what we have done in the past to enable us to qualify for the new money". It is a perverse situation to put people into. When we are looking at the economic situation a lot of farmers are looking at now, you could not blame them for doing it.

**Mrs Murray:** Vicki, I did not deliberately leave you out in the second time, but you answered that in a very comprehensive way the first time.

**Chair:** Thank you, panel, for very good answers there. There is an issue that we have to look after those who have already been doing a lot for the environment. We do not seem to have it right yet, so your evidence is really useful on that.

Q80 **Dr Hudson:** Thank you to Martin, Ian and Vicki for being before us today. We have heard concerns that, as basic payments end, farmers may move towards less environmentally sustainable practices to stay profitable. You have touched on this in some of your previous answers. Do you think that the sustainable farming incentive will be attractive enough to prevent the farmers from doing this?

**Ian Davis:** In a word, no.

**Dr Hudson:** Can you add some qualitative remarks to that?

**Ian Davis:** Again, it comes back largely to what Martin said before, that the money is going to be spread too thinly and the reward for the individual lists of actions that are being proposed comes nowhere near what would be required in itself to be an incentive for farmers to undertake those.

There is also a risk that a significant proportion of English farmers look at the whole process and say, "I can find a way through these proposed schemes where I follow all the actions just closely enough to tick the boxes and get the money, but do not actually follow the spirit of each



action and deliver the outcomes that are hiding behind each of the proposed standards". That is why we are very firmly in favour of a much more flexible approach and for the farms to be able to put their own scheme together, with a good degree of co-operation from Defra staff, so that it works for each farm, rather than trying to pick from a pre-set menu of options.

- Q81 **Dr Hudson:** That is really helpful. You mentioned in your first answer to one of Geraint's questions earlier on about the profit margin. Farmers will be having to look more at cost control. With trade negotiations and trade deals coming in, and we are in this transitional phase, do you feel that there will be added pressure, potentially, from the trade deals, like the Australian trade deal, for that cost-control aspect? You touched on sheep in your answer earlier, Ian. Could you give us some perspective on what the dairy and beef sectors might be facing as they are transitioning, but also if there is added pressure from international trade agreements?

**Ian Davis:** I would find it a little bit hard to answer for dairy, given that I do not have any great personal experience of dairying. My experience with working on them has been quite limited. I certainly have not managed a dairy farm.

- Q82 **Dr Hudson:** Try beef then.

**Ian Davis:** The profitability of beef operations across England varies hugely. There are beef units that are making very good returns. Here, historically, we have always operated a low-cost extensive system, based on breeding a quality animal from suckler cows. Somehow, we have managed to buy farms out of it, over 30 or 40 years, but a lot of that has been luck and a lot of it has been producing the right product that the market was actually willing to pay for.

As producers, we are going to have to be much more focused on the efficiency of what we produce and working very much better than many producers in the UK have in the past to produce exactly what the market is after in order to compete with what is being offered from abroad. These countries that we are looking at signing deals with have a track record of being very good at producing exactly what the market needs.

One of the key problems that the British sheep industry has is that we have so many different breeds of sheep in the UK. You go to New Zealand and the whole country is dominated by three breeds, all of which are very closely aligned to the market. The same can be said for beef here. You look at the United States. Aberdeen Angus is a very large part of the terminal sires and they are very focused on the eating quality of what they are producing. In those sorts of terms, we are far too diverse in what we try to do. The opportunities are there to take cost out, but it requires a very different approach from producers. That is not going to happen overnight.

- Q83 **Dr Hudson:** If I can pull back into the sustainable farming incentive,



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Vicki, do you have any concerns as to whether it will be attractive enough to keep farmers working towards it?

**Vicki Hird:** That is interesting. I meant to mention earlier that horticulture is relevant. I hope you will be talking to some horticultural farmers, because the arable and horticultural standards are not fit for purpose for most horticultural units. They are very diverse in themselves.

I would slightly disagree with Ian, although you are a farmer and absolutely know what you are talking about. I would be really sad if we lost that diversity. Diversity is absolutely key to facing the future, with soil, water and climate change challenges ahead. Diversity and more mixed farming systems that mix arable and livestock are surely the way forward to create systems that have fewer costs. You are using livestock to do some of the nutrient building, possibly also weed management. All these kinds of things are more available within a more diverse system.

That is going to not be suited to the SFI, to go back to your question, because the SFI is very specifically looking at parcels, assets and actions, rather than thinking of it as a whole system, as the pasture-based livestock do, or the organic or LEAF farmers, with their integrated planning system. It is looking at the farm as a whole, which does not work under the SFI as it is now. We would be wanting something that is available across the board.

**Martin Lines:** I think we will see much of the industry diverge. Defra knows only about 80% of farmers, I hope, will take up the SFI and enter into ELM. A lot will naturally not participate, because they think they can get a financial return from their asset. That SFI has to be a valuable asset to the business.

We need to move the farming thinking from just production and output to asset managers. Which bit of my landscape can I get the best return from? Some of that may be grain, meat production or horticulture. Some of that may be environmental delivery. Where does that asset fit into the whole-farm approach? If I bring more pollinators in and get in SFI delivery, that actually removes my insecticide use, because I have better predation and pollinators within the landscape, hedges and trees, and this more mixed-farm approach.

We know that businesses are more sustainable when they work at the capacity of their landscape. If we increase livestock to try to chase the market, but then we have a bigger impact on our soils, environment and water courses, that is going to drive additional costs, which then multiply up. It is how we language this and help Defra communicate this to farmers, why SFI and ELM can reward you on those assets that are public money for public goods that the market does not return, where the vision was when we started this four or five years ago.

Q84 **Dr Hudson:** If I can follow that up with you, Martin, some people are concerned that the SFI will be used to make up farmers' lost income,



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rather than effectively delivering public goods. Does that resonate with you, or do you think that is not a fair judgment that some people are making?

**Martin Lines:** The SFI has to be valued at the asset it delivers in the different parts of the country. That will be a different price. Unless it is valued for the delivery we do, why should a business invest in it? It has to be a more business-minded approach of where the value of the asset is. Is it just because it helps my business, or the public or private sector, contribute to delivering that asset? Unless we value it, it is not going to be valued by the business delivering the asset.

**Ian Davis:** Defra seems to overlook the fact that certainly extensive livestock operations are some of the most biodiverse areas of landscape in England and Wales already. That really is not rewarded in anything that is being talked about at the moment. I agree with Vicki that loss of our diversity would be a bad thing, but that is not rewarded by the market. The market is not looking for that. The big meat processors do not want 30 or 40 different breeds of sheep or 20 different breeds of cattle.

There are niche markets that will pay for that. If you are producing a very high-eating-quality, traditional native breed, there are niche markets that will pay for that, but the supermarkets are not interested in that. It just does not meet their volume and marketing requirements. If that is the sort of thing we want, and that is where an awful lot of public goods of all sorts are being delivered at the moment, we have to find a way of supporting that.

**Vicki Hird:** The wider agricultural transition plan needs to be providing the means for farmers to find better markets and make them more of a niche, with support for the infrastructure, cutting rooms, abattoirs, processing, so farmers can find alternative ways of reaching consumers. Direct and digital sales are all on the up now.

There are opportunities here that the wider agricultural transition plan and wider rural support should be focusing on, getting more alternatives to the big multiples. They are based on a very different set of principles. They might say they are green, but the reality is that they are not that interested in the biodiversity or the public goods. Let us find alternatives for farmers to sell to. That would be a very strong position that we would make.

Q85 **Chair:** Ian, you make a very good point. If you look at the percentage of food that is sold in this country through the big retailers, you will find it is 80% to 90%. That is why we have to have time to build this new market for sustainable beef and lamb. I do not know if you want to add anything more to it. Are there ways that we can get the big retailers to become much more interested in the way production is being done and linked into the environment, grassland and all these things? At the moment, we do not have the quantity of sales. Do you have a magic answer to that?



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**Ian Davis:** I wish I had. The first point that I really want to make is that actually, over the last 30 or 40 years, farming in the UK has been incredibly profitable. It is just that it is the supply industries that have had the benefit of that profit, not farming.

The overwhelming story of the last 30 years has been farmers spending more and more money on the back of advice that has been offered by vested interests and has increased agrochemical use. It has increased the complexity and the frequency of people changing farm machinery. Everywhere you look, complexity has been added into agriculture. The people who have benefited from it have been the people selling the complexity. We need to get back to working in sympathy with nature in a much more straightforward way and stop trying to beat it into submission.

As far as the retailers are concerned, I do not see how we are going to get the big retailers interested in the sorts of things we are talking about here, unless it is through the public goods that are being delivered by it. If the retailers are accountable for their impacts on what economists normally consider to be externalities, there is value to them in the sorts of things that these businesses are delivering. Until then, they are just after purchasing commodities.

**Chair:** One of the things we could introduce of course is food miles. That might bring them into an interesting place as well. That was a really good answer. We could discuss this all afternoon, but it is good evidence. Thank you very much.

Q86 **Geraint Davies:** Ian, is it realistic for the Government, at the same time, to massively cut the amount of subsidy to farmers, get them to transition towards more sustainable farming and open the floodgates to ferocious competition that will obviously strategically want to take our farms out, so that they are no longer competing? Should the Government not give the support needed to make those farmers not only sustainable environmentally but economically sustainable, so we are not wiped out?

**Ian Davis:** That is a good question. The published agricultural transition plan includes a section saying that Defra aspires to British farmers being independently economically profitable, independent of agricultural subsidy, by 2027, yet there is nothing in that particular section of the agricultural transition plan that gives any indication to me of how that can be achieved. All it is offering is more technology and partial grants to buy it. If anything, that is looking to add cost to the industry, not to take cost out.

The Government, particularly Defra, have fallen into a horrible trap of timing. The UK farming industry is trying to adapt to the biggest change in the paradigm it works within that it has ever seen, with the international trade deals we have already talked about, pressure for dietary change, increasing animal rights activism, climate mitigation pressures and abuses, in some cases, of supply chain power. We have



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lab-grown foods. We have talk about vertical farming and now we have a global pandemic on top.

Then, in the middle of this, we decide now is the time that we are going to completely reform the agricultural support system. I have huge sympathy with them, but it has been an accident of timing to do it now, and particularly to try to do it in the timescales we are talking about. We are really asking an awful lot.

**Q87 Geraint Davies:** In a nutshell, to manage massive change on a number of fronts, would you agree with me that the Government should provide more support to protect and sustain our farming industry, so we can move towards a future of greater international competition, alongside increased sustainability, without falling out of the boat in the meantime?

**Ian Davis:** I would probably characterise it as more understanding and co-operation, rather than necessarily just more support, as such.

**Q88 Geraint Davies:** They are withdrawing subsidy, though, at a time when there is more competition. At least we could keep it the same, could we not?

**Ian Davis:** I cannot think of a farmer I have ever spoken to who has said to me, "I aspire to take the Government money and work for the Government". Every farmer says, "I want my business to be profitable without Government money". The difficulty is how you make that work. We are now saying that we want farms to also deliver a long list of public goods. If we want to do that, those have to be adequately rewarded, on top of the farm actually being basically profitable.

**Q89 Geraint Davies:** Vicki, it is the same sort of question. If we are going to be faced with ferocious international competition from Australia and elsewhere by June, and we also have this ambition to be more sustainable, is this the time to withdraw the overall subsidy, if we are going to keep our farming industry going and maintain diversity, which is at risk?

**Vicki Hird:** We absolutely want to maintain that diversity and increase it. Admittedly, the payments are going down slowly. They are starting next year and then it is over the period of the next few years until 2027, so it is not immediate. It is more painful for the larger farms, which you could argue is appropriate because they have economies of scale. We would say that, if we really have a potential crash—and one of the problems is that we do not have a really good impact assessment—of loads of farmers going out of business, we should consider some transition support and not muddle it up with ELMS and the public goods approach.

Defra is providing resilience funding to organisations to help farmers in particularly difficult situations, so maybe that is going to help. That is part of the plan, but possibly it needs more money. That money should not come out of the ELMS pot. All of this depends on the Treasury seeing what the benefits would be. We would say that the benefits will be



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providing ourselves with a resilient supply of good food, protecting the environment and not automatically assuming that means buying food from Australia, the USA or Canada.

We obviously have really strong feelings about the trade policy and trade deal, that they should not go ahead without really strong analysis of the impact on the agri-food sector. We are doing an e-action, which you MPs will probably get the odd email about over the next few days. It is critical that parliamentarians have oversight of this and the ability to say no if it is going to harm this sector.

I agree with you. From the beginning—I think I did a blog in 2017—I have asked, “Are we going to lose hundreds of small and medium-sized farms, thousands of small and medium-sized farms?” If we do, we lose rural cohesion, landscape features, biodiversity, jobs and food resilience at a local and regional level. There are loads of things we lose if we lose that diversity. I am totally supportive of the idea of a way to help that happen.

**Q90 Geraint Davies:** To avoid that happening, would you agree with me that the overall level of subsidy at least needs to be sustained during the transition, at a time we are going to open the floodgates to massive competition that could actually take out a lot of our farms?

**Vicki Hird:** That would never go with the Treasury, would it?

**Q91 Geraint Davies:** Of course it would. We can do whatever we like in Government. Would you support that?

**Vicki Hird:** If they are going to open the floodgates to very cheap Brazilian or Australian beef, it would have to be huge sums, would it not?

**Q92 Geraint Davies:** That is what the Government are for.

**Vicki Hird:** I agree, but we would have to have a good trade policy that does not do that, combined with the support for the amount of beef that would be coming in, or leeks, onions or whatever it is. It is not just the livestock sector. I agree with you, but it should be a coherent policy across Government, not just Defra having to pile in and put loads of money in, when it should actually be focusing on public goods.

**Q93 Geraint Davies:** Martin, there is this huge transition towards sustainability that we all applaud. At the same time, we are opening the back door to a flood of Australian products, which are more competitive. Is it fair to reduce the overall subsidy during that transition at the same time as having this massive increase in competition? Would it not be better to put some money in, even if it is short-term money, to help farms adapt, so we can have a sustainable farming industry financially, as well as environmentally?

**Martin Lines:** My first point is that it is not a subsidy. It is a payment into the agricultural sector, into some sectors. It does not go to everybody and to all farmers. It goes to the majority. The best way to



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use that money is in covering the costs of the environmental delivery aspects of my business that are not covered in other places, and truly value the landscape, nature and public goods I can deliver.

On that trading part, it is how we accept that other people can produce some goods at a lower cost than we can, at the same standard. Much of it is at a different standard. How do we help those businesses manage their livestock or their output to get the best from their landscape? For many businesses, that will not be a living wage. You can put only so many sheep or cattle on a piece of ground, and you will not give them a living wage. We have to have a rebalance of where the support is, how we support rural communities and businesses, and the aspects of how we keep that living, working, farmed landscape in the future.

We need Defra to think about it. It has guaranteed the funding for this parliamentary year that will stay coming into the agricultural sector. The problem is that we do not know how to apply for it. We do not know what is there for us to get into to adjust our businesses.

**Q94 Geraint Davies:** Should the Government intervene, so that we do not end up eating Australian mutton dressed as Welsh lamb at half the cost?

**Martin Lines:** I hope we will never get the opportunity to eat Australian lamb dressed up as—

**Geraint Davies:** No, Australian mutton dressed as Welsh lamb.

**Martin Lines:** Yes. We need that clear labelling system and infrastructure. We need the consumer and the supply chain to know the difference. It is not just the retailers and the supermarkets; it is the out-of-house eating sector. It is how we join that up and get a strong message from all sectors around what food choices the public have in supporting UK farming.

**Chair:** Thank you very much for those answers. The answer to this also is to make sure we get the trade deal right. Under trade rules, you cannot just limitlessly put support into agriculture. You have to make sure the trade deal is right in the first place. That is what we are interested in doing, so thank you very much for your answers.

**Q95 Robbie Moore:** My question is focusing more on the role that advisers can play within the delivery of ELMS and how we engage farming businesses within the process. Before I start the question, can I refer the Committee to my declaration in the Register of Members' Financial Interests, being from a farming family and involved in a farm business consultancy business?

We have seen Defra, back in 2018 or 2019, refer to the scheme of accredited advisers. More recently, Defra has gone down the route of using the private sector farm business consultants. Ian, what role should advisers play in helping farmers deliver the public goods and comply with the rules that ELMS is likely to be involved with?



**Ian Davis:** Some of what is being asked of farmers should not need advisers in most cases. Where advice is necessary for the more straightforward changes, our preference would very much be for that advice to be initially sought in terms of sharing knowledge between farmers who have been doing some of these things for years and have experience in how to deliver it. What does not work is just as important as what does. They are the sorts of conversations that farmers get from other farmers which they tend not to get from professional advisers.

There is a long history of professional advisers coming in and saying, "We have all the answers and this is what you should do". In many cases, that advice either is untested or has been tested in a different context. Farmers will be able to talk this over among themselves, and actually pick the bones out of what could work for them and what would not. We are very much in favour of farmer-to-farmer knowledge exchange as being the primary route of advice.

There will be a need in some of the bigger schemes, particularly when we get into landscape recovery and local nature recovery, for professional ecological advice and things like that. There will be a role for facilitation of knowledge exchange groups. We are very nervous about the involvement of the professional advisory organisations to too great a degree.

There are some good examples out there. We are the first to admit that. Caroline will be pleased to hear that I would include LEAF. I would include FWAG. There are some good commercial operations. I have done the holistic management training with 3LM. There is the UK Savory Hub. I am aware of people like South West Farm Consultants who have made the effort to fully understand the changes that need to take place and are actively engaging with farms down in the south-west that are looking to change. That is the real thing. It is the farms that are already looking to change. Professional advisers are not going to bring the farms along that are not looking to change. That is only going to happen by them seeing others benefiting from the changes they make.

Q96 **Robbie Moore:** Ian, you referred to peer-to-peer advice in your answer. How can Defra support that? How can Defra support that more collaborative working model, with peer-to-peer advice being rolled out so we can get some successful ELM delivery?

**Ian Davis:** There are already some quite good models for how to deliver that. In this particular area, we do not have much of a current offering, in terms of farmer discussion groups and those sorts of things. There are several members on the group on TFF that I am talking on behalf of who are members of local grazing knowledge exchange groups. I know there is a very active group down in Exmoor. They are the sorts of groups that provide huge technical benefit, where farms get together, can hear what other farmers are doing and bounce ideas back and forward.



A bit of money going into the facilitation of those sorts of things would pay much greater dividends and give a much greater return for the money invested than turning to big commercial operations, which, necessarily, are going to take significant profit out of it. There has been some quite good stuff facilitated by AHDB, when it comes to knowledge exchange as well. It has to be about clever use of the money, rather than just throwing money at the issue.

**Q97** **Robbie Moore:** As a final follow-up question on that, should farmers be expected to pay for advice to get into ELMS and on how ELMS should work, or should this be something that is provided through the scheme?

**Ian Davis:** To get into ELMS, no. Where they need specific technical advice about how to make a scheme as effective as possible, that would be a business decision. Most farmers would quite happily make that judgment. I do not think that any of these schemes should necessarily come with a requirement to pay for advice. If there is an overall need for advice, I would rather see that funded directly as an overarching provision of advice contract offered by Defra, rather than for individual farmers to be paying for it themselves to support their own application.

**Martin Lines:** We surveyed farmers and 69% thought that the advice should be local and within the context of their landscape and business. 77% said that they will need help and advice in that initial applying, just to get their head round it. Some of that can come from farmers. Some of that will come from industry. 73% said that they are going to need continued help, support and advice in making sure what they deliver is up to standard. Is it doing the right things? Again, that will come from farmer-to-farmer, cluster groups, networks and other organisations helping farmers learn on the ground. Some of that is going to come from the organisations.

There are many great organisations out there, but each organisation will work with farmers in a different way and each farmer will want to work with a different organisation, possibly. They are happy to pay for that, because there is a financial reward in a high standard of FSI delivery or ELM, the same as there is when we grow crops or livestock. There is a critical role for organisations to be supporting farmers.

**Vicki Hird:** I would agree with a lot of what has been said. We have been saying that advice needs to be available from the beginning in this. It is really disappointing to hear Defra say that it is going to be market-based. It is critical that we get as many farmers on board on the transition as possible. That will need advice. In the short term, maybe the next five years, there should be a new provision of advice, funded by Defra, to any farmer who needs it to look at their whole farm, to see all the benefits of changing their practices, both for the business and for public goods, and to apply for the schemes. It is amazing that we do not have it in England, as they have in Wales and Scotland, although we have some provision, as has been noted. Natural England provides some of that, but it is not



nearly enough. If we want all farmers to start doing this, and we certainly do, advice is critical.

**Q98** **Robbie Moore:** This is my final question. It is slightly away from ELMS, but any type of grant support delivered through Defra is mainly done through capital-based projects—anything from autosteer on a tractor to improved cattle-handling facilities and the like. What is not necessarily available is funding for advice on how to upskill, train or use that piece of equipment that has just been purchased. Do you think there is a case to argue strongly, because it has been reiterated to me time and time again, that funding models for a revenue-based scheme should be attached to some of the capital grant funding that is available, to try to upskill and reskill farming businesses to use some of the investment they are putting into more precision-based measures?

**Vicki Hird:** That makes sense. We have a big squeeze on money, but it would make sense if the machinery or equipment is not used properly. Things like integrated pest management monitoring need training in how to do it well. That could be farmer-to-farmer training. That is another income stream for farmers, potentially.

**Martin Lines:** To get the best value for money for the public on those capital grants, it is how you get that piece of machinery to work with a number of farmers, not just on one farm, so they can share the learning. Also, there is the environmental machinery, as in cut and remove from flower-rich margins, doing green hay and transferring that seed bank from one flower-rich area to another. That needs support, learning and the understanding of timings and habitations of when you do it.

As an industry, we have been taught for many decades about production and output, not about environmental delivery, when the best timing is and what the best actions to take are. How can we help within the capital grant system, getting the knowledge transfer to use the machinery and the infrastructure we will get that capital grant for in the right way?

**Ian Davis:** We would say that capital grants are not the right place for the money to go. We would say that it is providing the training to farms for them to better understand what benefits they can get from these things, and to develop the understanding of their ecology on their farm and the techniques and changes they need to undertake. Then it should be for the farms to make a purely commercial decision about capital purchases. I would rather see the available money go into training and upskilling of land managers, than one-off payments to drop pieces of technology or whatever into the farm.

**Martin Lines:** On capital grants, in the past, when grants have been paid for, say, direct drilling equipment, we have seen that the machinery cost goes up by 20%. Should it not be on an area base? A farmer may build their own direct drill, piece of machinery or whatever, and the action will be rewarded, as well as the capital grant. Then it makes it fairer and the third party does not up their prices to capture some of that grant's



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availability. We need to be really careful where we stimulate the market in that grant application.

**Ian Davis:** It has to be about outcomes, not technology.

Q99 **Robbie Moore:** Yes, that is absolutely right. Also, some of the deadlines that are put in with grant applications on that line create market stimulations in certain areas.

**Vicki Hird:** Also, having a minimum size is a problem for small-scale producers. There should not be a minimum for capital grants.

**Ian Davis:** There is an unwillingness to fund used equipment. There is a good market for used direct drills and things like that. For a lot of smaller farmers, that is all they can ever aspire to. Even if there is a 40% grant for a brand-new direct drill at 25,000 quid, small farms cannot make up the difference. They are always going to be in the market for second-hand ones.

**Vicki Hird:** That should definitely be possible within the capital grants scheme, and small pieces of capital.

**Chair:** Thank you very much. I am glad to see that you are all agreeing. That was a really good point on the cost of machinery and perhaps being able to view second-hand machinery as well as new machinery. That will be an interesting thing for Defra to have a look at.

Can I thank all three of you, Vicki, Ian and Martin, for what I would call a great brainstorming session this afternoon? The whole idea, as we, as a Select Committee, look at ELMS and the agricultural transition is to try to come up with the best ways of delivering it, for most farmers and landowners to take it on, improve our environment and improve our productivity at the same time. That is going to be a huge challenge in itself.

Your answers have been great. When you leave us, later on in the evening or in the next day or two, if you think of something else you might like to have said to us, please let us have it in writing. I thank you very much for being with us this afternoon.

### Examination of Witnesses

Witnesses: Caroline Drummond, Jeremy Moody and Jenny Phelps.

Q100 **Chair:** We will start our second session. Could you introduce yourselves, please?

**Jenny Phelps:** My name is Jenny Phelps. I am representing the Farming and Wildlife Advisory Group Association. I am a senior farm conservation adviser for FWAG. I have been involved in lots of Defra tests and trials. I go back a long way doing payments for ecosystem services pilots for



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Defra, on the catchment-based approach, and lots of farmer groups, from which we share our learnings regularly with the ELMS engagement group, which I have been on, with others on this panel, for nearly four years.

**Caroline Drummond:** Hello. I am Caroline Drummond. I am the chief executive of LEAF, Linking Environment and Farming. I have been running the organisation since it started 30 years ago, very much driving sustainable agriculture through whole-farm, site-specific integrated approaches. I am also married to a dairy farmer down in the south-west, in south-east Cornwall.

**Chair:** If you come from south-east Cornwall you cannot be all bad, can you? It is my part of the world and of course very much Sheryll's part of the world.

**Jeremy Moody:** I am Jeremy Moody, secretary and adviser to the Central Association of Agricultural Valuers for 26 years, so not quite Caroline's 30. I support the organisation and its professional members, providing advice to farmers and landowners across the United Kingdom.

Q101 **Chair:** Can you briefly outline your current work in advising farmers, and how you see your role changing as ELM is introduced? As you know, there is quite a debate on exactly how we provide advice to farmers.

**Jenny Phelps:** We have had a huge amount of learning that has come from our Defra tests and trials. That has significantly brought forward our learning around facilitating advice for farmers. At the moment, a key element of what we are trying to do, building on that learning, is to help them understand the complex opportunities that are arising and the complex risks, as have been outlined today, about what they can do with their land, and how they contextualise their land within these complex strategic objectives that are being put over the land.

The point that we have learned in Gloucestershire, as our case study, is that the annual income currently from basic payment is £40 million a year. The economic impact of that is absolutely huge on the risk to jobs and the rural sector. That is a total of £180 million lost over the whole time of the BPS rollout. Our main aim at the moment, giving advice, is to help farmers understand how they link to that economic recovery, retain jobs, rebuild their soil ecology and look at their land in the context of catchments, to deliver not only sustainable food but also those multiple public goods that we know we want to reward them for.

As many of the previous members of this panel have suggested, we are trying to piece together this complex framework around what is being offered by ELM. At the moment, we see that the advice role will be critical in facilitating blended finance, but also for us to contextualise land and create the environmental baseline that we will need for enabling and facilitating private investment and public funding, and aligning opportunities around volunteering and project investment into natural capital recovery.



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The advice we are giving at the moment is about how to help the individual survive through this period. It is very complex and high in risk, but actually could, if well designed, create huge opportunities for co-investment in natural capital recovery and successful agroecological farm businesses.

Q102 **Chair:** Thank you for that answer. Can we keep the answers a bit more concise, if possible? Caroline, from LEAF's point of view, do you see your role not only as advising but perhaps being part of an assurance of delivery in the minute? I know I am taking you a bit further than the question. Where do you see your role now, as advisers?

**Caroline Drummond:** We work on the use of advisers, trusted advisers. We have specific advisers that we will work with, for example, people like Jenny. Our guidance and advice is principally driven through farmer-to-farmer learning, the peer-to-peer learning. We have a network of demonstration farms. In addition to that, we work with research establishments to ensure the science-based approach is a core part of that, in terms of driving change.

Part of what we are doing is not necessarily just delivering and supporting the requirements of Government. Actually, the driver for us has been about ensuring your business is sustainable for the right reasons for the right thing you are doing, whether that be in the marketplace, Government compliance or what regulation is there to do, which is, ultimately, to prevent harm. It is keeping ahead of that, but beyond.

What is the role of farm assurance schemes? We run LEAF Marque, which builds on Red Tractor in this country. It operates in 21 countries. There is GLOBALG.A.P. on a global scale, independently externally verified and ISEAL code compliant. Part of that is demonstrating environmental sustainability. It goes back to one of the points that Dame Glenys Stacey raised in her report. We have the opportunity in the co-design to work with a new trust model. Where do things like farm assurance schemes fit, in the whole area of Government, Government inspection and, indeed, the use of farm assurance schemes?

Q103 **Chair:** Sorry to interrupt you. I have probably been a bit naughty there in stealing quite a bit of question 9. That is my fault. We will probably go on to the farm assurance schemes in question 9. As I bring Jeremy in, I think it was the chief executive of the National Beef Association when he came in last week who said that we do not want wealthy advisers and poor farmers. Can you assure us, as land valuers and others, that that is not going to be the case?

**Jeremy Moody:** We would all want more profitable farmers. That is really what the approach is here. Members will be providing a much broader range of advice than specifically about environmental resources, but that forms a part of it and will form an increasingly important part of it. They cover the spread of work around business structure, business



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agreements and landlord-tenant, as well as how the business goes forward and reacts to that.

We sat down, not long after the referendum, to look ahead into the 2020s, taking the view that everything that was coming down the tracks meant that what you might think might happen by 2050 could happen by 2030. We asked, "What is it that clients are going to want from members that members can honestly provide?" That has been the driving process for a programme of work we have been running around business review and those areas of how you look at a business and take it forward, looking at matters like environmental resources, new technologies, dispute resolution and so on.

The skills are already there and have long been there, but are all focusing on the classic history of appraisal and advice to support decisions that people then choose to spend money on or not. That is where we are looking to be there, to support people becoming more profitable and sustainable.

**Q104 Chair:** I was teasing you very slightly at the beginning there, but there is a more serious part of it I would like to say to you. Have you worked out so far, with the ELMS proposals that are coming forward, the likely cost in professional time to put forward an application, if you were to do it as members? We do not want to make the whole thing so expensive to deliver, at the end of the day. In all seriousness, what is your professional view on what you are seeing coming out from Defra? Is it going to be very costly for your members to put together a package for an individual farmer, for instance?

**Jeremy Moody:** No, I do not think it will be. Of course, we are at this stage only looking at the sustainable farming incentive, for which we have any details. It touches on some of the earlier questions you were exploring, which is how different this is to a current agri-environment scheme application. In terms of what is on offer in SFI, as you move on there may be more work involved, particularly where it comes to supporting collaboration and facilitation, and to more sophisticated measures. At this point, the template is what we already have.

In a slightly laughable way, you could argue that there is a tussle for what the soul of ELM is, at least as regards SFI. Is it another agri-environment scheme or does it reach further?

**Chair:** That was what I was going to say to you. There are many who say, and the previous panel were also saying it, perhaps it is not going far enough and quickly enough. From the perspective of delivery and the cost of putting an application together, as we move it further away from the present schemes, we will have to watch that we do not make it too bureaucratic and costly to produce. We probably do not necessarily need to debate that particularly today. It is an issue we must look to in the future.



Q105 **Geraint Davies:** I want to ask about whether the agricultural transition is at all feasible, in terms of the timeframe and the overall amount of money that is coming out. This is at a time when competition will be opening up, in particular from Australia. Does it all add up to a feasible plan, or should the Government do more?

**Jenny Phelps:** I would like to thank you for raising this question, because we feel there is extreme risk out there at the moment in this particular situation. The opportunity is for ELM to catalyse farm support. At the moment, it seems to me that there was an opportunity to design something completely unique for COP 26, payments for ecosystem services that did not compromise or challenge world trade rules. Over several years, we have given lots of expert legal advice and previous research as to what mechanisms around payments for ecosystem services might look like. That would actually help smaller farmers, who are those guardians of diverse landscapes, the living public good. Unfortunately, Defra did not follow that up.

The tragedy is, as Jeremy alluded to, that we are now going back to an agri-environment scheme that is tied into world trade rules. That effectively means that that is based potentially around income forgone, which is not going to help us. We have a situation where subsidies are being lost or reduced, and their replacement is something based potentially on income forgone. This is when, as some of the other panel members said, it is a time for really good opportunities for investment in transformative approaches to agri-ecological systems.

I would completely say that this is the wrong time, unless that is reinvested on the farms for that transition and with that support through that transition, to be taking away that support for farming. Somebody should be accountable because, for us, at the end of day, there is huge risk to lives, livelihoods and the state of our environment.

Q106 **Geraint Davies:** Caroline, I think we all probably support moving towards environmental methods for farming and an integrated approach to agriculture and the environment. Is it right to withdraw the overall level of financial support during a quick transition while, at the same time, opening up farms to much greater competition from abroad, in particular from Australia, which may want to take out some of our British farmers? Would it not be better perhaps for the Government, if they are going to open the doors to competition, to provide more financial support, at least in the short term, to the farming community?

**Caroline Drummond:** I put a similar question to some of our farmers recently. To quote one of them, "It has started four years too late, and the gulf in transitional financial resilience is dangerous and could impact the success of otherwise existing sustainability projects". Yes is the answer to your question. We work with really can-do farmers, who feel really tight margins at the moment, against a backdrop of trying to build resilience to a changing climate and to do the right thing. When you look at the real ambition that was set in the 25-year environment plan, which



is really the setting point for the ELMS and the SFI, we should be in a place where we want to transform and support that transformation in a really strong way.

It goes back to a comment that Vicki made about the infrastructure. It is ensuring that we have the capability in our farmers, the skills base, the access to kit, the access to good research and of course the access to knowledge, building up not only their own knowledge but also their own infrastructure and the infrastructure of the marketplace as well. We have something like two canning factories in this country; there are 625 in Spain. Are there other ways of stretching our growth market opportunities in this country, and, as a consequence, building our export markets on the things that we value most, which are around the animal welfare and the environmental capability and sustainability?

**Q107 Geraint Davies:** It is certainly my view that the British public and British consumers do want to save the planet, they do want to protect the environment and they do want good food, but they also want affordable food. Should some of the Government focus at least be to make sure that it all adds up, so there is enough support for the farming sector to develop environmentally friendly food, and perhaps look at things like food miles and even carbon pricing on imports, so we do not have much cheaper meat from halfway across the world flooding into Britain, which is using up a lot of carbon, while we are busily making our farmers produce less carbon locally? That does not seem sensible at all to me.

**Caroline Drummond:** It does not seem sensible. The trade agreements and trade deals have to be written against the framework that we had, the WTO framework, et cetera. Our winning opportunity in that space, particularly with Australia, is around the animal welfare pieces. My heart goes out to the importance of the environmental criteria. It is some of the practices that are not acceptable, not only to our consumer but to our farmers, that are the ones being undermined in the trade deal, particularly with Australia.

From that point of view, that is going to be our winning negotiation in that space. We then have that capability behind, not only to be able to deliver against what we need and what we want for a more carbon-friendly, climate-smart and nature-positive agriculture, but to feed into some of the things that Henry Dimbleby will be reporting on in the national food strategy in July about sustainable diets, so we then start redressing that balance in terms of what we as a farming industry can do to deliver against a less processed food measure. 54% of the food we eat in this country is ultra-processed. There is an opportunity to support that transition, so the £18 billion spent on obesity and non-communicable diseases, just as direct payments could start being reflected in that. If we are healthier and we have much more fit-for-purpose farming aspects, that is a good thing. It is much more holistic.

**Q108 Geraint Davies:** Obviously we are not at COP 26 at the moment, but if it was the case at COP 26 that they wanted to initiate carbon pricing on



imports, in relation to how far food went in addition, in order to make it more competitive for fresh, locally produced food, is that the approach we should be pioneering globally now we are hosting it, in order that we do not basically displace fresh, local food with processed food from thousands of miles away?

**Caroline Drummond:** I agree, but the complexity of the markets for carbon is really quite a challenge at the moment. We are doing a lot of work, as others around the table will be, on trying to work out how farmers can be rewarded other than just planting trees, the capability behind soil enhancements, and building organic matter status right through. All of the previous speakers spoke about the importance of mixed, diverse farming systems. In the grass-growing area where we are, that is incredibly important, and that is capturing soil, but we need support and infrastructure to reduce the fact that we are digging out fossil fuel. We need to look at smart mechanisms and innovations, and then create the support.

We have 10 years in which we could realistically do that. While the carbon pricing and the carbon labelling has a place, it is only one part of the challenges that we face. Biodiversity is another key area, as is water quality. That is where the importance of balancing the right thing has to be considered in this area.

Q109 **Geraint Davies:** Jeremy, is there a real danger that the Government are saying to farmers, "Look, do all this environmental stuff very quickly and we are going to give you less money; don't worry about that army gathering on the border about to invade the market with huge volumes of competitive meat, veg and everything else from Australia"? Is that a sensible plan, or would it not be better to provide the economic support, at least in this transition period, so that we can ensure that our farmers survive and thrive, and we move to a more environmentally sustainable world?

**Jeremy Moody:** Let's have a crack at your larger question as well as that. The agricultural transition is vastly larger than anything we have been talking about. The sheer scale of change that is out there covers all sorts of things: technology, where we are going with climate change, and the pent-up change that has not happened in the last 30 years with area payments. That is where we have that sense of a dam breaking as to the possible range of change.

In that sense, issues around the shifting public money is a part, but it is by no means the whole of what we are talking about. Within that, none of what is being talked about sidesteps the need for businesses to become more efficient and more competitive. The overall figures, at the average—the average is a very misleading place to be, but it is a start—suggest that we have lost heavily in relative competitiveness, even with European nations, pretty much since area payments came in.



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I would see the Government withdrawing BPS, not to fund ELM, but as a policy tool in its own right. They are using that in order to make businesses look at their cost structures, which have been shielded and comforted by the payments that have been received, and they have perhaps not made the changes that should have come.

The businesses that are most competitive are the ones that historically have had least support. They have been nearer the market for longer. Managing that change is a big change, and it is something we are looking at in the business review work and so on. The seven years is feasible. If it was longer, the process would be barely noticeable, but if we are to look to compete with Europe, or further afield, we have to look to ourselves to produce to what the market wants and will pay for.

That then gets you to the other question of the things society values that the market does not pay for. Some of that is animal welfare, and more of it is the environmental and the wider range of public goods that have been talked about, but this is a formidable process of adjustment. In that, we are dealing with a sector that is enormously adaptable, has the flexibility of being small businesses, and has the responsiveness of family businesses in that, but there is a lot of change to be handled: change in who is farming what and how. How can significant parts of the industry reorient themselves from being commodity producers into finding ways to achieve other, better and higher value that is less exposed to the chill winds of international competition?

This is a repositioning. We have spent the years since the war broadly producing a standardised commodity production system. We have been edging our way away from it for some years. We are now about to have to do quite a lot of that quite quickly, but we should not underrate the capability of many of the people who have to do that.

**Q110 Geraint Davies:** In a nutshell, we have a situation whereby sheep farms in Australia are 100 times the size of the ones in Wales. There is much less diversity of sheep, to give one example, because they are focused on the market and mass production. The Government are expecting us to adapt overnight with less money. It is all very well saying we have to have a bit of Darwinism and people have to adapt and sharpen up their act, and they can do it, but is it not just like throwing a small child into the river and expecting them to compete with a trained athlete? It is not giving us time to adapt, surely.

**Jeremy Moody:** It is more complex than that. The bare point about the Antipodes is that we are opposites for seasonality when it comes to some of this. The point was made by Ian Davis earlier on about much lower stocking rates. The point here would be made that we have the capacity to build brands and build an advantage. You referred earlier to Welsh lamb as a brand to fill. The interesting question about the last year has been the strength of the domestic market for domestic produce when it has been a matter of what has been eaten at home, rather than what has been eaten out in hotels, pubs and the food service sector.



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There is work to be done. I endorse what Caroline said earlier about the need for significant Government effort in our export markets, because that takes really serious hard work over years to build the personal contacts and market positions. All our sectors have people who can be very good, competitive commodity producers. They do not have to be the cheapest in the world to do that, but they have to be where the world clearing price is. We have plenty of people who could make a living selling to the most affluent people in the world, and an awful lot of those are now in the Far East. That takes work and effort to do it, to give us markets where we can make a profit.

Earlier, we talked a bit about the British food market. For me it was encapsulated by one senior player not so long ago as, "The processors took the farmers' margin, the supermarkets took the processors' margin, and then they cannibalised their own margins". To the extent that that is not a satire, we have created a low-margin market here for a very large slab of what we produce. We have to find ways around that.

**Q111 Geraint Davies:** The answer you seem to be giving is to try to move fresh products further afield in a world where we are trying to reduce carbon. You do not seem to be saying we need more support for farmers during the transition. Is that right?

**Jeremy Moody:** Support of the sort we have seen in the last 50 years has not yielded commercial success. Philosophically, there was quite a good argument for deficiency payments, but those now look to be very expensive and nobody is particularly putting them on the table. There are arguments for support, in terms of where Caroline was going, to improve infrastructure and the supply chain side, the sort of thing the Welsh Government are talking about for capital support under the sustainable farming scheme. Direct income transfer to farmers has simply hindered the process.

**Q112 Robbie Moore:** My question focuses on business planning to do with ELMS and the like. This Committee heard evidence from the RSPB, which stated that only a minority of farms currently undertake standard business management practices such as producing budgets, analysing gross margins, preparing cashflows and the like, to the extent that they said to us that, in the 2016-17 period, only 17% of livestock businesses in less favoured areas were undertaking that practice, and 18% of lowland livestock farms were doing that. Jeremy, why do you think that it is that low, and do you agree that it is that low? What are the risks going forward during the agricultural transition period, if it is recognised that so few businesses within the agricultural industry at large are carrying out business management practices to any extent?

**Jeremy Moody:** I agree that it is almost certainly that low. AHDB figures say much the same thing; they put it at about 19%, all in that order of magnitude. It is probably a much larger fraction of serious commercial production that will be better equipped for doing it, but this is one of the



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areas where advisers, whether it is accountants, valuers or other farm business consultants, can give proactive support.

One of the most striking things I would pick up is that, if you sit down with a farmer, get a cashflow done for the next five years and then start taking basic payment out of it, on a one-to-one basis, that encourages more reflection than is apparently achievable by almost any other means.

First, your figures are about right. Secondly, it is something that needs to be tackled. You are then looking at aspects of that being generational. It also links into the relatively low level of formal training in British agriculture, by international standards. In Scotland it is lower still than in England, but it is still relatively low compared with the Netherlands or Germany. We are going to be having a lot of conversations with people right the way across the spectrum, from those with very sharp pencils who see the opportunities that they think they can go and get, rightly or wrongly, and those who will think that this is not a world that they wish to continue to farm in.

**Q113 Robbie Moore:** Just following on from that, there has been a lot of talk about the changes to CAP, the reduction and removal of BPS, and the transition to ELM. Do you think the farming industry has woken up to the fact that BPS payments are going to be dropping as much as they are, or do you think the realisation only started to kick in during May this year, when they were completing their BPS forms and having that conversation with their land agent, farm business consultant or wider peers involved in the industry?

**Jeremy Moody:** Arguably it is a little starker than that. In the immediate wake of the referendum, a lot of businesses were doing a lot of serious thinking, and then of course it drifted on and all the issues of normal life, weather and harvest then intervened.

For the last three or four years, you could paint farming as sitting in two camps. There are those who have been looking at their businesses already, getting on with it, sorting it, doing things and starting that process of transition. In a sense, some were doing it even before the referendum because they needed to do it. I see businesses undertaking exactly that. There is a larger group, those who are broadly getting on with the immediate practicalities of life and thinking, "These things never happen. Clever people talk about them too much".

I do not detect much movement, even yet, between those two camps. I am not clear that this year is particularly the signal point. It is interesting that the delinking consultation makes it clear that entitlements will have no point after 2023. That may begin to precipitate it, but I suspect, in terms of a wider effect on people who will view themselves as solely practical, we may still be a couple of years away from that perception gaining real traction.

**Q114 Robbie Moore:** Does Defra need to do more to support farmers to



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develop business plans and business strategies over the transition period?

**Jeremy Moody:** There is a danger in all this that you wind up with token plans. You tick the box; you get a formulaic plan; nobody is any the wiser or any more engaged for having done it, but they have jumped through the hoop. The real underlying need is for Defra to be repeatedly hammering home a few simple things and then, particularly looking at the statement we are expecting from Defra next month, coming on to the practical details that were being pleaded for earlier today. The few simple themes are that BPS is going and that the various ELM schemes are not replacement methadone for BPS.

There is a phrase in the Welsh consultation papers: the “something for something” scheme. This is to buy goods and services of a public goods nature in exchange for money as an enterprise in your business. If it makes sense, you take it. If it does not, you do not. It is looking at those messages. There are a great many people out there who simply want to hear that ELM is a substitute for BPS; it is just another three-letter acronym for the same flow of money. Getting that home—and it may be uncomfortable for a number of people—will be the beginning of wisdom.

Q115 **Robbie Moore:** Caroline, to repeat the last part of that question—and add anything else you want on the wider questions I asked to Jeremy—how can Defra do more to support business development and business planning during the transition period? It is along the lines of the introductory comments you gave about peer-to-peer learning and how organisations like yours can get involved in that process, coupled with how Defra can help.

**Caroline Drummond:** To go back to your original question about whether farmers are doing business planning, there are some sectors that are doing a lot of planning and are quite advanced in their business planning, budgeting in particular. Indeed, some of the retailer partnerships, whether it be beef groups or things like that, will also be supporting that, right through to chicken groups and dairy groups.

One of the big challenges in business planning is the pricing structure and the fact that you do not know what the pricing structure is going to be for milk or fresh produce in a few weeks’ or months’ time, right through to the payment terms that you get as well, all of which has a huge impact on the actual financial planning, for those who are.

In terms of what Defra can do specifically, the fact that the land management plans were initially put as an idea was a really strong baseline for helping support farmers as to what we are ultimately trying to achieve and that landing place. What should it look like? What should we be doing? What is going to be relevant to my business? What is that horizon going to look like over the next seven to 10 years? Management plans are critical.



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I agree with Jeremy that some of it can be tick-box, but if they have stretch targets, and if they have meaningful outcomes that work for farmers, work for Government and ultimately align with what Government are trying to achieve in delivering against SDGs and things like that, those in themselves are hugely important. We have done several tests and trials. In particular, as a proxy for improved environmental performance, it has taken people from Red Tractor to LEAF Marque certification. We had 20 farmers who were told, "Good luck, you are on your own, mate". We had another 20 whom we supported with some training, and then a further 20 for whom it was training and one-to-one advice.

In terms of really accelerating the change and driving ownership, the importance of advice is really critical. Because people like blended approaches to learning, part of that can be ensuring that we have that one-to-one piece with a really trusted local adviser. Part of it is around that peer-to-peer learning: looking, watching, seeing what somebody else is doing, experimenting, adapting, saying, "Oh, that would not work, or maybe it should and could". Those are really key areas in terms of what we have picked up, both from the farmers we have worked with but also the importance of advice in this space.

**Jenny Phelps:** What Jeremy has outlined, the difference between very productive farms and smaller, more rural livestock farms and their ability to assess their businesses, was identified by the Prince's Countryside Fund quite a long time ago. The farm resilience programme was implemented by the Prince's Countryside Fund. I understand that that is now being complemented by Defra and ELMS through the farm resilience programme. We would welcome that, because there is a realisation that a lot of the commoners, upland farmers and small farmers do not have phones, let alone computers. They need to be brought into being able to understand the modern challenges.

We have been delivering four AHDB Farmbench groups. There was some really interesting learning about the better resilience of agroecological businesses when there was climate disruption to food production. There is real evidence to show that conventional farmers did well in a good year, but that agroecological farmers did better more consistently when there was climate disruption. There should be a real strong focus on trying to get more evidence around that longer-term resilience, helping farmers realise other markets, as identified in things like the post-Covid re-localisation and the success of local food suppliers, exploring other markets like dynamic procurement and helping to diversify businesses in that re-localisation and climate action world.

**Chair:** Thank you very much. Could we keep the answers a bit more concise, if possible?

Q116 **Mrs Murray:** I will turn to you first, Caroline, mainly because you live in the most beautiful constituency in the country and have a good MP. I



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would like to turn to advisers as facilitators. Farmers currently get advice from public, private and third-sector sources. What different roles should they play in helping farmers access and implement ELMS?

**Caroline Drummond:** It is very beautiful but very wet down here, I am afraid. Dame Glenys Stacey's report was incredibly valuable in trying to drive some of this, because this is the new trust model that the co-design is trying to encourage. How do we develop that partnership between public, private and NGO sectors in driving change, whether it be for advice, inspection or facilitating? Each one of those requires a different skillset; not every facilitator will necessarily be a good adviser, and not every adviser will not necessarily be a good facilitator. An inspector often has a very critical job to deliver against specific standards.

There is a hugely important piece. Defra has made a really good inroad into trying to develop this trust model, but it is a bit like one of our cattle dogs. They are on the extending lead, you let them off, and then all of a sudden you think, "I don't know if I can fully trust you", and bring them back in. We are still in that space. We are short of time. We have to scale up at speed and deliver. This is where we just need to understand about that trust element of saying, "We are going to have to let go. We are actually going to have to trust the private sector and the NGO sector to really ambitiously support an element of change here".

**Jenny Phelps:** In the nature recovery element of ELM design, it looks like it will replicate the success of the facilitation funds under countryside stewardship. As facilitators experienced in that, we have been facilitating a lot of alignment and investment from public, private and third sector. There are some good models to follow, as was alluded to earlier on.

**Jeremy Moody:** I am going to follow on from where Caroline was. We are watching a change in culture happening as we are undertaking this meeting. It is watching Defra move towards a more outcomes-oriented approach, with the shift from inspections to outcomes visits, the change to English rules on penalties, and a move to a philosophy around contracts. This is not yet fully internalised within Defra over matters like dispute resolution or whatever else it might be. It is dealing with quite a lot of people on the ground, both advisers and farmers, who are fairly wary and bruised over the past experience.

In a sense, the prescriptiveness that people will kick against is also the prescriptiveness that has given them comfort, because they think, if they get it right to the millimetre, they are right. The shift of culture is something where both sides are still learning what is going on. More specifically, this leads to not a great deal from the public sector to be given as advice. They are managing the schemes. You are looking at a lot of private advice to private individuals, one to one, where the farmer makes the choice to instruct it and to want it, for whatever purpose that is done. That overlaps with where third sector advice comes in. Again, some of that is general and some is specific and farm-based. That is



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where my answer would then join at the end with Caroline's, as to where she was. We are in a post-CAP era. We are learning how to walk in that.

Q117 **Mrs Murray:** Caroline, Defra has said the higher components of ELM will involve local priorities and collaboration between farmers. How should this be facilitated?

**Caroline Drummond:** As Jenny has alluded to, there are some really cracking examples that have come through cluster groups where there is often a shared ambition. That may be about an iconic species or it may be because there is a challenge in water courses, catchments and things like that. It really has to be identifying the problem. Many farmers are saying, "Tell me what you want" or, "Yes, I get that", because every farmer is ambitious, not only to be good in their productivity element of good-quality milk, beef, dairy, livestock or fresh produce, but each will have their special places that they are really looking to enhance and develop. Those public goods are the shared ambition that we see across the wonderful landscapes right across all of England, Wales and Scotland, and obviously Cornwall in particular.

Q118 **Mrs Murray:** What role, if any, should existing assurance schemes play in facilitating ELM, if necessary?

**Caroline Drummond:** They have a really valuable role to play. We operate an enhanced environmental sustainability assurance scheme with LEAF Marque. Without a doubt, through the opportunity for earned recognition, the Environment Agency already gives a lighter touch to those farmers because we have been able to map up, against its criteria, what we deliver in LEAF Marque. In addition to that, we have mapped that against the six public goods. Again, that is another great advantage and opportunity. That was one of the tests and trials we did. There is huge opportunity for speeding up and scaling up the engagement in this area.

**Jenny Phelps:** It is really important. I know Caroline has been working with the Sustainable Food Trust and helping it to co-develop a global farm metric. There is an element of spatial mapping that could be added to that, as we learned from our tests and trials, so that farms could be contextualised, in order to understand how an environmental baseline might enable recovery of natural capital to be invested in.

**Jeremy Moody:** The models are already there with how clusters have been organised and some of the common associations have been managed, but it is managing people. It is managing people with diverse interests, personalities and histories. That calls for very considerable and particular skills. That is the distinction we are making: whether it is managing within families or these wider groups, it is managing people, as opposed to more specific advice. Those can overlap, but the job you are asking for here is that of herding people.

Q119 **Chair:** I think Caroline wants to come back in. Before you do, I have a



supplementary. Defra hopes that farmers will not need expert advice for the sustainable farming initiative and they can just rely on online information. Does that sound feasible to you? You can then make your supplementary point.

**Caroline Drummond:** If the advice is clear and easy to find on GOV.UK, that is fantastic. Prior to this meeting, I put in “ELM pilot”; I put in “sustainable farming initiative”. The number of reports that were identified for “ELM pilot” was 11,223. For “sustainable farming initiative, what should I do?”, I got 172,000 results. As a farmer who is pushed for time, that is not going to divert you to the right space. If it is clear, concise and easy to find and locate, that is brilliant, but we are talking about huge change. From that perspective, that navigation needs support through all sectors, whether it be through individual organisations or advice and things like that.

My comment is on the importance of the issue that Jenny raised about the mapping piece. One of the big challenges—and once you know a challenge you can solve it—is having common site identifiers through the arm’s-length body within the organisation. EA, NE and Defra all have slightly different locations and identifiers for farm pockets. The smart thing is going to be collecting data and effectively utilising this to drive change, measure change and focus priorities. Common site identifiers are going to be really important.

Q120 **Julian Sturdy:** I wanted to follow up on what Caroline said at the end about how big a change this is going to be. I wanted to know what the panel thought about the comparison between large farms and large organisations, which will have the ability to go out and pay for external advice and let external companies do a lot of the work for them, and much smaller farms, which are probably going to struggle to do that and will have to find the advice online, which Caroline said might be quite difficult. I did not know what the panel thought about the differences and what problems that might cause going forward.

**Chair:** Who would like to start? I will bring Jeremy in first, because your advice is going to be very inexpensive.

**Jeremy Moody:** It raises an interesting implication, which I would like to respond to. Large farms have at least as much change to face as small farms in this. If you want to talk about successful farms against those that are hard up, that drives where the question is going, but there is a point that structural change, as it happens, could be quite different from the structural change we have seen over the last couple of generations. As businesses look for where their costs actually support income, you will see substantial changes. I have seen this with farmers giving up land where it does not provide them with the margin in terms of this. The implication there that large farms are more insulated from this than smaller ones is one to query as we get into this.



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Beyond that, clearly there will be people with fewer resources and people with more resources, whatever their size. Farms of all sizes already have their basic payment application done for them, because they want comfort and they want the conversation. They like professional assurance within that. They are dealing with a changing landscape and that helps build confidence. I would come back to the beginning of the submission that I put in, quoting the Welsh Government as saying that good advice should be seen as an investment in the farm, not as a cost. Where that investment is warranted and can be seen to give a return, it is worth incurring.

**Jenny Phelps:** From our experience of working with larger farmers, they are realising private markets much more quickly than smaller farms, particularly around carbon and carbon trading. There has been a lot of learning of natural capital mapping that we have all been doing collectively, to create baselines for natural capital maps for farmers, which are already starting to be utilised. We would urge the Government to put some standards around that, but there is some trading starting to happen and bigger farms getting more advice in that regard.

Larger farms are grouping together to realise other forms of private markets, such as aggregating their land for delivering on flooding and other water company initiatives. There is a whole area around information, in that people who are digitally aware in larger businesses are able to join in and get that advice, whereas the smaller and more marginal farmers may not have all those opportunities unless they are directed towards them.

**Caroline Drummond:** A few years back, we did a research project with several universities called the Sustainable Intensification Research Platform. A piece of the social science was that it is ultimately your attitude that determines your altitude. Whether you are a large farm or a small farm, if you have the drive, the ambition and the capability, there is access and support there. There are things like resilience funds for smaller farmers. The Prince's Countryside Fund has done a huge amount of work in this particular area as well. Of course, you can be a very unsuccessful large farm as well.

The greatest of opportunities here is really building up the ambition for the farming industry. That is one area that we still have not cracked as a whole, whether it be through the leadership within Defra or the leadership as an industry. The NFU and the CLA have done a fantastic job, but there is a real opportunity to drive a sense of creativity, ambition and hope, which will start lifting people up much more effectively.

**Jeremy Moody:** I support that.

Q121 **Chair:** With the common agricultural policy and the basic farm payment, it was very legalistic, so a farmer or adviser could never really get advice from Defra or the Rural Payments Agency, because they were always concerned that they may be giving the wrong information or may be



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directly sued afterwards. How can we make this new system much more user-friendly? For you as advisers, if you are an assurance scheme, how can that be used as part of the policing of the new scheme as well? We are trying to do lots of things in the new world, and I just wonder how it is actually going to work.

Caroline, I am going to drop you into the hot seat. Would LEAF be used as part of not exactly the policing, but the assurance that the farmers have delivered? How much are you, in the new world, going to be able to talk to Defra, the Rural Payments Agency or Natural England, whoever it might be?

**Caroline Drummond:** There is certainly the pathway to deliver that. Earned recognition is a starting point, where there is an agreement of shared data in particular. With the farmer's permission, the Environment Agency will be able to get access to whether that farmer is LEAF Marque certified. There are five assurance schemes, independently and externally verified: Red Tractor, delivering against core standards; Organic Farmers & Growers and the Soil Association for the two organic standards; RSPCA Assured on the enhanced animal welfare aspects; and LEAF Marque.

With the independent external verification that those standards have, we have really strong oversight for the certification bodies, as well as training and support. We know what we are delivering against. We have a theory of change that says this is the journey of what we are trying to achieve. Providing we can align and demonstrate the alignment of those end targets, that is where there is an opportunity for independent, external verification to be seen as an effective proxy for inspection and, therefore, potentially support that area.

There is a huge opportunity. It is all about creating the effectiveness. From the headlines of what we are trying to deliver against with public goods, that is the area and direction of travel. As the whole of the country becomes better at that, this is the opportunity to keep on aligning, talking and liaising with those authorities.

**Jenny Phelps:** Something that is happening in the real world at the moment, which ELM could really complement, is the development of local nature recovery strategies, and nature recovery networks moving into those county-based local nature recovery strategies. We have been urging that, under the ELM design and the sustainable farming incentive, farmers could be encouraged to submit a natural capital map that would give a county-based baseline. Sufficient payments would have to be given to incentivise that, but you could then end up with a situation where we have an environmental baseline that counties could use to help them deliver their duties under the Environment Act. In our phase 3, we are starting to systemise that, but I will not go into any more detail. We are working with the RPA and the Defra digital discovery platforms, looking at the public geospatial agreements and how that might work, and hopefully feed into the United Nations framework.



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Q122 **Chair:** Jeremy, when you are doing an application for a farmer and you are talking to Defra, the Rural Payments Agency or Natural England, are you expecting them to be more open with you now than they could have been under the old CAP arrangements? How do you feel?

**Jeremy Moody:** We have had a good enough relationship. On the whole, they have been open and done the best they can. The big change is that they no longer sit under the European Commission and no longer sit under EU auditors. The extent to which even the European Commission could feel itself double-guessed by EU auditors was something that meant everybody was twitchy at every point down the line. Now that we have internalised that within the UK and within each part of the UK, it simplifies the lines of liability really quite substantially. There is always a need to take up particular issues of clarification with the RPA as we look at this, but the shift of culture that both Caroline and I have talked about is coming through. We would encourage that. It is not an outcomes approach but it is an outcomes-oriented one. It is more purposive.

I was listening today to somebody dealing with reports from inspectors. The new inspection arrangements, with the lower fraction inspected and the more purposive approach to inspection, are allowing a much more human approach to come through. It will take time for those lessons to be felt on the ground, apart from the individuals who are immediately benefiting from it. The more that they are focused on it, the better that will be. That is coming through.

For a while, there was a little bit of discussion about the lower tiers of ELM, where to some extent an adviser might be acting for both the state and the farmer. That is very problematic. The lines of liability in that should be directly to the client, rather than trying to broker between the two and having liability to both. For the farmer to trust the adviser, the adviser has to be the farmer's adviser, whether it is a third sector body or a privately instructed business. There are difficulties of liability, particularly when things start coming unstuck, that are best avoided. I would want to stay away from that.

The final point is about what is on the Government website. Some people will be wary of the desire to have more things that are officially accessible, but less that is there by PDF form and therefore directly bankable as at a date that is the point at which people enter into a legal contract. In the evolution of this, as people move more and more into a contractual world, they need to know what they have agreed and what might subsequently be held against them for these standards. A simple example around this is the need to keep on the GOV.UK website stuff that is relevant to the very varied situations that farms are in. That is a continuing battle against the Government Digital Service.

Q123 **Dave Doogan:** In terms of the advice sector, whether that is commercial or third-sector provision, what is the sum total of the capacity of that sector during the agricultural transition? Are our witnesses confident in the robustness and the resilience of that cumulative advice capacity? If



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they have concerns or they can foresee a failure or a situation where demand exceeds supply in that advice, is it Defra that needs to make sure that it is all joined up as much as possible, and that farmers looking for advice are not denied it? Is there a concern about that among any of our witnesses?

**Jenny Phelps:** There has been a lot of discussion recently about capacity of good-quality advice. There were comments earlier by the other witnesses about the initial discussions on the standardisation of advice. It is unregulated; you can give whatever advice you like. The view we have is that there are some really good, experienced, older advisers, and there are not enough of them who have a depth of understanding of this complex world that we have been discussing this afternoon.

There are a whole host of young people who want to get into this sector. To give you an example, we recently recruited for an assistant adviser and we had over 65 applications. We recruited for a very experienced adviser and we had a handful. There are just not many out there. The capacity issue for delivery organisations like ours is very challenging. We have lots of people wanting us to give advice and to deliver this at the moment. There is a huge opportunity to scale up shared learning between older, more mature advisers and the younger generation. That should be supported by the Government. It is a huge opportunity.

**Caroline Drummond:** I agree with Jenny. They have to be local, to be relevant and to know what the advice is that they are going to be delivering. One of the challenges is the detail. While there will be people who are capable of swotting up what the advice should be or what answers the farmers are looking for, for it to have any depth and to be truly adopted by farmers, it has to be sound advice. As Jenny said, that capacity is just not there at the moment, to be honest. We have seen it ebb and flow; it is on a bit of an ebb at the moment.

**Jeremy Moody:** In one of the Welsh Government consultation papers, they were proposing an initial review of a farm for its business sustainability, as well as its environmental sustainability. That first bit is something that we have seen talked about less in England. In responding to that, I did a sketch for them of the number of man hours that would be involved in doing that. It arrived at a fairly eye-watering figure. They were of course looking at a much shorter transition period at the time when that consultation was out: three years, rather than seven.

We have met very substantial hurdles in the past. The introduction of all the mapping and everything for the MacSharry payments back in 1993 was formidable. The introduction of single payment was an enormous challenge, as was the introduction of milk quotas. At the moment, there is an enormous wave of work going on with everything that is happening. One of the complaints I will get from people is that they have so many deadlines coming through. 17 May was for BPS and countryside stewardship claims, while they were doing the enhanced capital grants offer for countryside stewardship, while they are looking at mid-tier, and



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now we are looking at the SFI pilot. Fortunately, I managed to put tomorrow's briefing for members on the SFI pilot with Defra on tomorrow, from mid-April, when it was to be, but they are facing a massive load of work at the moment.

This is almost necessarily going to be iterative as we go over the next few years. It will be taking businesses that were retaining advice step by step, testing the links, testing their thinking, broadening their imaginations, getting things decided and implemented, and moving to the next step. We are entering a world of continuing change, not just a single step, and helping people into that world. This is going to be iterative. In a number of ways, as ever, the answer is, "If you thought about it you probably could not do it, but we will probably manage to do it by just dealing with it".

**Dave Doogan:** You will not find that in an instruction manual, will you?

**Jeremy Moody:** No, but it is astonishing how the world works.

**Caroline Drummond:** It boils down to the importance of good project planning. That is one of the really big challenges here, in that it is iterative—"Oh, we will do this next"—rather than starting off with a really cracking project delivery plan and moving it forward to, "What are we trying to achieve?" There are many reasons why that has probably happened. It is never too late to start trying to put things into a project plan because, if we do not have sufficient advice, support, infrastructure and targets, even the best and keenest of organisations and farmers, that will be the ambassadors for helping support and drive the change, are going to start to get a little more frustrated.

**Jeremy Moody:** To the extent that that is looking down on where we are from above, dealing with a farming family, it is almost necessarily going to be evolutionary as they feel their way through wherever they are in the generational structure of the business, making investments, opening up new doorways that create new opportunities or challenges, and moving on. That will be the flow, as people look at cost structures, as they give up or seek land, or change the business. It will flow by doing. That is the level at which we are giving advice.

**Jenny Phelps:** At the moment, there are at least 18 funding streams that have been put out for farmers to explore, with very short application windows. We feel that some consolidated investment might be a real thing to do, rather than to have more and more funds come out for very good, meaningful things. It is actually putting a lot of challenge on the resources, particularly of NGOs, in trying to grasp the opportunities that have been put out by the Government.

Q124 **Dave Doogan:** Is this a "too much, too soon"-type landscape?

**Jenny Phelps:** I would say it is more un-co-ordinated. One day it will be an investment readiness fund; another day it will be a green recovery fund; and another day it will be an SFI pilot. On the other days, there will



be all sorts of different funds that we are learning about. It has been set out in the agricultural transition plan the funds that are coming, but you have to look at farmers, who are trying to make decisions about what they are going to do with their businesses. If they go into countryside stewardship, is the design of the structure going to put them off, around the eligibility, how the potential funding streams can be co-located legally and how you can leave it in private investment?

All of that is still very difficult and complex, but as NGOs we want to be the conduit for as much funding out to help in this transition as possible. To have lots of pots that come out for natural flood management, water quality, biodiversity recovery or tree planting is challenging in this matrix of funding opportunities. We still want the money, but some more structure would be gratefully received.

**Q125 Dave Doogan:** Jenny, you were quite clear in the original question that the available capacity in the advice sector is currently insufficient in your estimation. Caroline, you agreed with that. Can you help us better understand this as a Committee? If the demand is X and the supply is a lesser figure of Y, which are the businesses that will miss out? What will those businesses look like? What will their dynamic be that has resulted in them being at the end of the line when not enough advice is available?

**Jenny Phelps:** There is a huge amount of opportunity to steer farmers through. If there are not enough people with the right balance of skills who can get out there to give them that advice, to link to the economic opportunities, to make those local markets and to explore all the ways they can benefit from delivering public goods and sustainable farming, they will not get that advice as quickly or as efficiently.

In the NGO sector, there are a lot of people who are very vocational. I manage a team of 11 now in Gloucestershire. They are lots of very dynamic, intelligent young people but they are all working far too hard. It is the difficulty that we are seeing across the FWAG sector: the demand for our services is everywhere from supermarkets right the way through to all sorts of people wanting standards around agroecological sustainability, which we all champion and want to support. The challenge is having enough people with the quality of advice.

As Jeremy alluded to, it is about having the right people out there who can build trust with the farmers, who are local and who have the local knowledge, as Caroline said. There is a real template you could use where you could build that local knowledge. We have brilliant young people coming forward who are passionate about the environment. We just need to have the structure to do that. Most of us are having to turn to environmental trusts to get that funding, so we are constantly bidding to try to support advice provision. It is interesting, because at the moment a lot of people's perception is that it would be brilliant if that advice could come from core central Government. Facilitating that opportunity would be welcomed.



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**Caroline Drummond:** The farmers who will miss out for that specific advice will probably be the ones who do not have the high-nature-value areas. It may be your commercial, classical type of farmers who actually might be at a situation where they really want to start getting engaged. They will be in the space of, "Well, sorry, we have to prioritise here so we are just going in for that really high-value environment". They may be delivering on different aspects of public good, but that is the real challenge.

**Jeremy Moody:** Those people are the ones who will be looking for advice anyway on the future of their business. Again, this is where I am looking broader than ELM. ELM is part of this, alongside the essential private funding that Jenny has talked about and all the other challenges of getting a business through this decade if it wishes to be in business at the end of this decade. Those businesses are likely to be taking advice one way or another about how they are going to be doing this. The real answer to your question is probably the people who do not ask. It will be the people to whom all this is happening and who are not active in responding.

**Jenny Phelps:** I volunteer for a farming help charity. You have to understand that there is a lot of stress and anxiety in the farming sector at the moment. There are consequences for people who do not know how to reach out and get support. That is half the trouble. If people do reach out and want support, you want to make sure that you catch them and help them through this period, because it is very challenging for a lot of people.

**Dave Doogan:** Your point is a very pertinent one for this question to end on.

**Chair:** Thank you, Jenny, Caroline and Jeremy, for an excellent and thought-provoking session. Jenny made the point that we have to make sure that everybody who needs advice can get advice and it is available. That is a challenge for Defra and the Government, and something I suspect we will make sure is in our report. Can I thank all members very much for participating? It has been a really good session this afternoon. Both sessions were great, and it will give us a lot to put in our report. We are trying to put something together that is perhaps critical of the Government in some ways, but I hope also helpful to the Government and to farmers in delivering a new environmental land management scheme into the future. Thank you all very much.