HOUSE OF COMMONS

Environment, Food and Rural Affairs Committee

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

Tuesday 22 June 2021

Ordered by the House of Commons to be published on 22 June 2021.

Watch the meeting

Members present: Neil Parish (Chair); Ian Byrne; Dave Doogan; Barry Gardiner; Dr Neil Hudson; Robbie Moore; Mrs Sheryll Murray.

Questions 126 - 182

Witnesses

I: Dr Ruth Little, Lecturer in Human Geography, University of Sheffield; Dr Janet Dwyer, Director, Countryside and Community Research Institute.

II: Alice Groom, Senior Policy Officer, Royal Society for the Protection of Birds; James Adler, Land Management Adviser, The Wildlife Trusts; Professor Rosie Hails, Director of Nature and Science, The National Trust.

Written evidence from witnesses:

– Dr Ruth Little, Dr Ruth Little - Supplementary

- Countryside and Community Research Institute

- Royal Society for the Protection of Birds

- The Wildlife Trusts

Examination of witnesses

Witnesses: Dr Ruth Little and Dr Janet Dwyer.

Q126 **Chair:** Welcome to the EFRA Select Committee. We are continuing our inquiries into environmental land management schemes. We are fortunate this afternoon to have Ruth Little, lecturer in human geography at the University of Sheffield, and Janet Dwyer, director of the Countryside and Community Research Institute in Gloucester. Ruth, would you like to say a few words first, please?

Dr Little: Thank you very much. As you said, I am Ruth Little, lecturer in human geography at the University of Sheffield. I lead a research project on the co-design of environmental land management and have done some research on harder-to-reach stakeholders with regard to the development of environmental land management. That is a collaboration between the Universities of Sheffield and Reading.

Dr Dwyer: Good afternoon. I am Janet Dwyer. I am a professor of rural policy but I manage a team of about 30 researchers at the University of Gloucestershire working on rural issues, including quite a lot of projects focused on environmental and sustainable land management. We made a collective response to the inquiry and I am hoping to represent the research expertise of my colleagues as well as myself in giving evidence this afternoon.

Q127 **Chair:** Thank you both very much for joining us. My first question to you is quite generic, in a way. Defra originally announced its plan for a seven-year transition from direct payments to environmental land management in 2018 and, of course, we are now in 2021. Is that timescale still deliverable?

Dr Little: I can start with that, because we should recognise from the outset the scale of what we are talking about with environmental land management. At the time of leaving the European Union, 37% of that budget was going towards payments for agriculture. 42% of those farms receiving BPS would not make a profit over and above BPS. There are a lot of very complex reasons for why that is the case and we could have a big conversation about how we pay for our food in the shops. This is the biggest change in 70 years that we are going through with this policy change. Seven years may seem like a long transition period but, for agricultural timescales, including how you plan your cultivations, it is pretty much the blink of an eye.

We also have the complication that has been added through Covid. It is very much worth noting that, if you are dealing with a crisis moment and living through a large pandemic, you focus on the here and now, and start to discount thinking about the future. That is a bit of a perfect storm, where environmental land management is coming into play, because people are potentially not thinking about that.

Those are the things that would bring into question whether or not it is possible. In order to mitigate that, we need to have the foundations right for bringing in a workable, implementable scheme through effective co-design with stakeholders—I am sure that we will talk about that as part of this session—and also the scaffolding to assist farmers through this process, with decent advice and guidance, understanding what is expected of them and removing some of the uncertainty that is whirling around ELM. What Defra is proposing is to get from the 20,000 holdings that have been part of agri-environment schemes, up to 82,500 over seven years.

We need to use the research that we have collected over the last 40 years about participation rates within agri-environment schemes, and put it forward to farmers to take it up. We need to use that to address some of the barriers to uptake and to make sure that the transition is made as easy as possible. If we go back to the 42% of farms that would not make a living, there are not only landscapes at stake here but also livelihoods, so we need to have an obligation to make this transition work.

Q128 **Chair:** Further to that point, what the Government have clearly laid out is that, by 2024, all farmers, and those 42% in particular, will have lost half their basic farm payment. What we are not really seeing is how quickly ELMS is going to be rolled out, albeit that is not direct compensation for what they have lost. Farmers need to plan. Again, the question is whether this seven-year transitional period can be achieved. They have not altered it and the transition is going to be finished by 2028. Can that be done?

Dr Dwyer: If I could agree with what Ruth said first about the magnitude of the change, and then say that at least we have seven years now, whereas, when we started this discussion, there was quite a lot of talk in Defra of a five-year transition or even shorter, so that has been a positive thing. However, the pace of development of the new framework has been haphazard, shall I say, in respect of how things have rolled out.

It is certainly possible because, to some extent, it will be inevitable that this change will happen within seven years now, because there is a commitment to that process, but it will not be as carefully managed as it could and should have been if emphasis had been placed more strongly on planning the process of transition in the very early stages.

I accept that Covid has made things more difficult, but still I worry that we will have a transition, but it will be a very haphazard transition, which will lead to unpredicted outcomes that will not be in line with Government's main objectives in seeking to achieve this momentous shift.

Q129 **Chair:** You used quite a strong word, in some ways—"haphazard". I want a little more detail from you on exactly what you consider to be haphazard. Is it the consultation or the lack of systems in place yet? What do you believe to be haphazard?

Dr Dwyer: It is a feeling that mechanisms have been being developed in a relatively short-term way to try to cope with issues as they arise in thinking about how this new system is going to operate. The one thing that I really worry about is communication and the effectiveness of communication that has been working so far throughout the process and that seems likely to mark the process in the remaining time periods available.

That communication is made particularly difficult by the fact that there is a reluctance to direct messages through a very structured approach. There seems to be an approach of diffusing things through existing communication channels, which are multiple and very varied and which differ enormously depending on which part of the farming population you are talking about. That might be by sector, scale, geographic location or the four countries that make up the United Kingdom in respect of the future transition towards a post-CAP environment that affects all of the UK, not just England.

I worry about mixed messages and a feeling out there in the farming community of a lot of remaining uncertainty about how things will work. There is also a lot of uncertainty about whether the goals will be matched by the outcomes, because of different perceptions and reactions that are not sufficiently well understood by the people who are planning from the centre.

Q130 **Chair:** You make an interesting point about the devolved nations. Naturally, agriculture is devolved; therefore, there will be some differences in how this new system is delivered across the four nations. Does Defra need to engage more? Do the nations need to engage more? Where do you see the problem there?

Dr Dwyer: It is in co-ordinating effectively the general planning of the financial provisions between the four nations, and then the more detailed policy-level co-ordination of the process. I do not think that, at the moment, those two match very clearly.

Q131 **Barry Gardiner:** Professor Dwyer, I know two ways in which businesses can fail to make a profit. One is for them not to be very good at what they do, and the other is for them to have a very smart accountant. It is rather disturbing to see that 16% of our farmers failed to make a net profit and that 42% are predicted to make no net profit if the basic payments go. What is wrong?

Dr Dwyer: We do not have a lot of time to explain, and you could spend hours on this question. Part of what is wrong is that we have a system that has become very much dependent on the kind of subsidy approach that we have had. Businesses adjust to the circumstances in which they operate. We also have a very unequal bargaining position in respect of food supply chains. At the production end, we have a large number of relatively small producers; at the consumer and retail end, we have a

very small number of very large businesses with a considerable degree of market influence and market power.

Of concern to us is the question of whether, at the end of the day, the producers receive a sufficient share of the final value of the product, whether the value and price of the product are appropriately positioned in marketplaces to represent the costs of production involved, and whether, if you have a system where public subsidy has been going into the sector for a long time, markets adjust accordingly.

The other thing, of course, is that, when you do farm accounting, you impute a notional income to the farm family, based on conventions of accounting. In a real-world farming situation, farmers may not value their own time at the same level as the accounting system would do. A farm that looks like it is not making a profit is still allowing people to survive on that income, even though, strictly speaking, it does not look profitable on the balance sheet.

The other thing to note is the volatility in markets, which has increased in recent years. That means that, when you take a snapshot of farm profitability, it is not necessarily the same as it would be over four or five years, because you might make a big loss in one year and do better the next. If you look at farming fortune over the last few years, there has been quite a bit of up and down.

Q132 **Barry Gardiner:** Thank you; that is helpful. Given that disparity between the large supermarket chains or wholesalers that buy so much of the produce, and the small farms, why has there not been more of a move to co-operativisation among farmers that could have tried to redress the balance?

Dr Dwyer: That is a difficult one to answer. People say it is in the culture of UK farming, but I do not believe that that is the case. There has not been an explicit investment in working through co-operative structures, and there has, instead, been a very considerable development of corporate power in the food system in a way that did not happen in other countries in other parts of Europe, for example, where co-operatives were a much stronger feature of growth and development in food systems. Here, we have big corporates that effectively manage a lot of those relationships that, in other countries, are managed by co-operative structures.

Also, we were probably one of the earliest countries after the war to invest quite significantly in capitalisation of farming. We started off with larger farming structures because of our inheritance patterns, but then we also put a lot of money in the 50s and 60s into helping farmers to grow. We shrunk the farming workforce and enlarged farms at that point in time, and so a lot of farms in this country were already many times bigger than those on the continent when the food system started to develop through industrialisation.

Q133 **Barry Gardiner:** Given the threats to the viability of these businesses that you have clearly established, and what you have spoken of in, if I can put it into a phrase, farming to the subsidy, which has gone on to the detriment of farmers, how likely is it now that farmers may well choose to farm to the subsidy? We have already heard from organisations like Wildlife and Countryside Link that land managers could turn to consider ploughing up their grasslands in order to be eligible for arable payments. That would surely be a very disturbing eventuality, if that were to come about, in terms of biodiversity and other environmental purposes.

Dr Little: This is why it is critical to make ELM work and to make it the solution for farmers' businesses going forward. If you look at it from a different perspective, farmers here have been very good at doing what they have been asked to after the war and following on from the common agricultural policy. After the war, nobody wanted to live through rationing anymore, so we went with a productivist agenda, which was absolutely embraced by farmers. That is the furrow that they have got into, if you want an agricultural metaphor, and to get out of that furrow is going to take a lot. They have been very good at following that policy agenda, which, along with technologies that have come along to farm out of a bag and a can, if you want to say it that way, has followed a specific route.

If we are now, over the next seven years, going to transfer away from that and go down a different route, it has to be viable from a business perspective and to make sense. If I was going to give you four scenarios going forward of what may happen as a result of ELM, the first one could be the first scenario that you have just talked about in terms of intensification of production. With the drawdown of BPS, they are going to have to make up that loss somehow, which could be through the intensification of production, which could be detrimental to the environment. That is absolutely not a route we want to go down in terms of getting environmental gains.

The second one is that they take up ELM. We can talk through what might lead to and precipitate that and make it more likely that that will happen. We should invest in that, because there are a lot of gains that could be made from ELM.

The third one is that they exit the industry altogether—for example, through the exit scheme—which is very unlikely. I am sure that we will get to that point as well. It is a laudable aim but I do not think that many farmers will take it up.

The fourth one is that farmers will just hang on, like they have done for a long time. We have sounded the death knell of small family farms for a very long time, but they have found ways to deal with that through diversification, off-farm labour and all of these different things. If this transition is poorly managed and implemented, we are going to have a problem with those people hanging on and potentially having environmental disbenefits, as is the case with the first scenario. I think

we should go wholeheartedly for the second scenario and try to make ELM work.

Q134 **Barry Gardiner:** I want to come back to Professor Dwyer in a moment, but just to probe you on what you have said, are you saying that, in order to avoid environmental disasters through intensification, adopting your metaphor of furrows and rows, do we have to put a pot of gold at the end of a particular furrow? We are still farming to the subsidy, but just making sure that the subsidies are in the right place to achieve the environmental outcome. Is that what you are saying?

Dr Little: That is partially what I am saying, yes, because a lot of environmental gains are treated as an externality in the market and are not compensated for in the market. If you were a rational, economic businessperson in agriculture, would you be leaving part of your land for nature or would you be maximising the output of that land?

Q135 **Barry Gardiner:** Would there be regulations put in place that said that you could not do things that were environmentally damaging, just like, when you use land in the city, you are not allowed to do certain damaging things with that land? These things are achievable through regulation as well as through incentivisation for money, are they not?

Dr Little: Yes, they are.

Dr Dwyer: Can I make a point about diversity? You said earlier about it being about 40% of farmers who do not make a living without the subsidy, but this is very differentiated by sector, scale, sources of income and geography. If you consider the dairy sector, the dependence on subsidy is relatively low. Traditionally, those farms have not engaged much in agri-environmental schemes, because most of them are pushing very hard on earning income through effective management of dairy production. It is relatively intensive but there is a range of different farming structures within dairying. Those people may be looking at ELM at the moment and thinking, "Maybe this not for me".

There will be other farms in the uplands, with extensive grazing, large areas of land, low profitability and high levels of dependence on subsidy, which have to make really big decisions about perhaps changing the business model going forward, unless they have income from other sources, which might make a difference to the need to make a change.

The scale of the farm is a big issue in terms of whether the drop in subsidy is going to be absorbable within the general business model or whether it is going to make a big hole in your viability going forward.

With regard to the future perspectives of farms, those that are run by older people who may not have successors will be looking at this change and making decisions to perhaps exit or cash in now, before the subsidies disappear. These farms may come on the market and other people may take on that land.

What we see is a very differentiated pattern of response to ELM. Even if there is a target among Government policymakers to try to encourage all farms in, we cannot necessarily assume that most farms will go into ELMS. It will depend a lot on the sectors and the situations.

Q136 **Barry Gardiner:** Looking at what you said about those farmers who may decide to exit farming altogether, they would be able to sell their land at that point. This idea of giving those farmers five years of their payments in a lump sum in order to encourage them to exit seems to me extraordinary. I do not understand it, I have to confess. How are you ensuring that farmers who will exit are those who you would like to exit?

Dr Dwyer: That is precisely the point I would make. You cannot.

Q137 **Barry Gardiner:** Is there any other example of someone who you do not want to continue in a profession receiving subsidy that would otherwise be available to get them to go five years early? What happens to whoever takes over that land? Is there no money available to them during that five-year period? How are they then going to profitably farm that land, once it has been sold to them?

Dr Dwyer: We did submit some more detailed evidence on this point just prior to coming to give the oral evidence today. What we suspect is that the impact of the scheme will not be significantly different from what would have happened otherwise, because everybody can see the writing on the wall for the payments, and so, in a sense, decisions are already being made about future directions. It is nuanced a bit by whether or not people have made adequate provision for their pensions, in which case the lump sum can be quite a useful thing, because it gives you capital all in one go.

Barry Gardiner: They are going to get the capital for selling their land.

Dr Dwyer: They might not sell their land. They might hold on to their land and rent it.

Q138 **Barry Gardiner:** Why should they get the incentive? My shopkeepers in Wembley would go mad if they knew that their taxes were being spent on giving five years' basic payments to farmers in order to get them to retire. They would say, "Hang on. Can I get five years of my rental in advance as well, please?"

Dr Dwyer: The sectors are very different. Farming is characterised by being asset-rich and income-poor. When you are asset-rich and income-poor, planning for the future becomes quite a difficult thing to do, because you often do not have the liquidity in your savings to be able to do much planning ahead in that way.

Chair: Sorry to interrupt, but what you have forgotten, Barry, is that there is very much a tenanted sector out there, and you have a lot of older tenant farmers who want to retire and do not have the capital of the farm.

Barry Gardiner: That is a very fair point.

Chair: I think I am right in saying that it is 2.4 times the original BPS payment, so I do not know whether it is five years of payment or the five last years, which are shrinking. It is not five times the basic farm payment; I think I am right in saying it is 2.4 times.

Barry Gardiner: It is tapered in that period.

Dr Dwyer: The more concerning thing is perhaps the work that we have done that suggests that most of the land that is released in this way will not be taken on by new farmers but by existing farmers simply enlarging their holdings, so there will be a reduction in the number of people managing land, and people will be managing larger areas, by and large.

Barry Gardiner: Thank you very much for that stimulating discussion.

Q139 **Chair:** Before we leave this question on the retirement of farmers, one of the problems I have with the retirement scheme is that there will be a lot of smaller farmers, especially tenant farmers, where these payments will not be very big, so therefore they will not perhaps get the people who we talked about—those who need to retire and are perhaps really struggling to farm but who do not have any capital behind them in order to retire.

I do not know if either of you would like to tackle how Defra could come up with a better-targeted payment. This is a very blunt tool. If you have 1,000 or 2,000 acres that you are a tenant of, and you get 2.5 times the basic farm payment, you will come out with quite a good sum, but if you are farming 50 to 100 acres, you are probably talking about £25,000 to £30,000 in total, so it is not going to buy very much. This is the problem. What is your solution, or do you not have one? I know it is quite a difficult question.

Dr Little: I am going to throw in some challenges yet again, I am afraid. This is supposed to come in next year, and there is just an inherent uncertainty. I am not sure that I would make any business or succession plans off the back of this, because we do not just have uncertainty about the exit scheme; we have uncertainty about ELM and what is coming. Why would you invest or why would you get out of something that you love? Let us take into account that a lot of farmers do what they do because it is intergenerational and is part of their family, their livelihoods and their culture, so it is going to take a big shove to push people out of it.

Based on the uncertainty, it is not going to happen, because we do not know what the tax implications are that are going to come out of this exit scheme and we do not know how it is going to dovetail with the new entrant scheme. It is really laudable to say, "Let us recognise that it is really hard to get a foot on the ladder". Part of that is saying, "Let us use the county farm structure", but a lot of those county farms have been previously sold off, as research from the CCRI has suggested, and that foot on the ladder has been removed. Some farmers do not want to exit altogether. If there was an element of share-farming or something like

that that would make this a better pill to swallow, rather than saying, "Off you go", that would be a more viable solution.

Q140 **Chair:** It also might give a better chance to getting more new entrants in, rather than, as you were saying, just being gobbled up by the landowner or farmer next door. We will have to be very careful that this does not happen, because that is the nature of the beast. That is the trouble.

Dr Dwyer: A positive scheme for facilitating transfer, rather than just an "either buy them out or try to get them in" approach, is going to be better. There are very good examples of schemes working elsewhere—for example, in Ireland—doing that, which try to match potential retirees with potential new starts in a way that involves the whole of the business plan for the new holding and transfers assets in a gradual way, such that the risk is minimised for both parties. It seems to be a lot more successful than trying to operate these things in two very separate boxes.

Dr Little: There is potentially a bit of a connotation behind this that there are lots of useless old farmers out there who need to be shuffled off into retirement. With a more thought-through scheme with new entrants, there is a lot of very good knowledge and expertise within the farming industry that can be passed on as a positive benefit out of this. It is not just shuffling people off and hiving them off into retirement. We should make this into a productive and positive change for the industry.

Chair: That is a very good point that leads me quite neatly on to somebody who would be a much younger farmer. I will hand over to Robbie now.

Q141 **Robbie Moore:** Just before I start, I will refer the House to my register of Members' interests. My question is directly around engagement with farmers and how the whole approach to designing ELMS has been around the idea of co-designing, where, effectively, stakeholders are involved right the way through the process. Dr Little, I just want to get your understanding about how well Defra has engaged with farmers in achieving its ambition of co-designing the ELM scheme for farmers to work?

Dr Little: As part of our research project, we have been looking at how this process has been going with the approach to co-design. Again, I am going to put the big-picture perspective to start off with and say that I can think of very few examples of where a policy of this complexity and scale has ever been co-designed in the past. We are pretty much in virgin territory here in terms of the level of complexity of the change and how it is being implemented.

When I heard this very laudable claim back in 2018 that they were going to co-design, I thought, "I feel really sorry for the civil servants who have to put this into action, because this is really complicated". If you want a broad assessment of how it has gone, you would get the feedback from stakeholder audiences that it has not been successful, because they have

not been engaged as much in the process, but there has been a lot of effort to try to co-design this.

Just to give you an idea, the benefits of co-design should be that you come up with more workable and more implementable policy, because you are consulting properly with the people who are involved in enacting your policy and it can bring some trust and confidence back into the process. We can all recognise that the farming industry does not really have that level of trust and confidence in Defra to deliver this, so this was an idea to get them back involved in the process.

Some of the risks of getting it wrong are that you marginalise people, that they lose even more trust and confidence, and that they think that this policy is just being made in Westminster and has absolutely no grounding in the practical reality on the ground.

It has been more successful than a lot of people have said, but the main problem is that those people who are inputting into this process do not know what has happened to their evidence, what has happened to their contribution to the process or what is underpinning the policy. What Defra needs to do is to show its working, to show its hand, to say, "This is the evidence that we have created from the co-design process", and to then put it back to the people who contributed and say, "This is how we have made the policy. This is what we have and have not included, and this is why", because that transparency is why stakeholders are exasperated by the process.

Q142 **Robbie Moore:** Do you really feel that there has been enough effort and engagement by Defra to touch all stakeholders? Some of the evidence that we have already had has been that a lot of the engagement has been with large farming and environmental organisations, rather than individual farmers. There has also been a concern that several farming sectors and types of land managers—gamekeepers or anyone involved in land management—have not been fully engaged with. There are also concerns that a lot of the engagement events have been very stage-crafted or choreographed to try to get the answer that Defra is looking for, rather than opening it up to some blue-sky thinking around this. Do you have any more comments to add on that?

Dr Dwyer: In individual tests and trials, there has been some very good engagement and some learning, but the problem is articulating the relationship between what is going on in the tests and the trials, and the policy machine in Whitehall and the messages that people are expecting about what is happening with these schemes and how they are rolling out. What you get is a feeling of a disjuncture. People are invited to meetings in London, told various things about the emerging ideas about how the policy is going to work and asked lots of questions.

Then the answers to those questions disappear into Defra and it comes out at the next meeting with another lot of, "This is where we are going next with this". It is difficult to see how that is joining up with all the

activity at the local level with the tests and trials, so it just looks very disconnected. That makes people worried that none of it is really linked up.

There is some linking up, but I agree with Ruth that what is needed is more transparency and honesty about where things are coming from, and more ability in the managed meetings for a two-way dialogue. I have been in some of the managed meetings, and colleagues have been in others, where people feel like they are rats in a maze. The stakeholders feel like they are being pushed through various exercises to generate things, but they do not really know what then happens with them, which is not co-design; that is a sort of arm's-length consultation, in a way.

Dr Little: I absolutely agree that the feedback loop is not being closed, and that is the most detrimental impact on this co-design process.

I am going to take you through a bit of a more balanced perspective, because I have to declare an interest: one of my research associates, Jess Lyon, is working with Defra to look at the co-design process. We are feeding back into that and saying, "You need to show what you are doing". It goes back to just simple mechanics: at the beginning of meetings, take people through what has happened to their evidence or their input up until this point; say where we have got to, what has been disregarded and what has been included, and then start the conversation again. It is based on transparency and respect for people's input, and that is what happens with co-design.

I am going to go back to what you were asking about people being left out of the dialogue. We have done some work, between Sheffield and Reading, on what we would call harder-to-reach stakeholders for ELM. There are business reasons why people are being left out of the consultation phases, as well as their personal perspectives. I will take you through the business ones first. Those enterprises that have sat outside of BPS have less skin in the game for this. They are not sure how it relates to them. For example, the horticulture sector is not really invested in this. 5,500 holdings are going to be in the pilot, and I think I am right in saying that very few of those are from the horticulture sector. I heard a figure of six, which might be a bit of an underestimate, but that shows that they are outside of this process.

You tend to get more of the usual suspects involved in these kinds of operations, but I am going to give Defra more credit than perhaps others might, because we have had between 60 and 70 active tests and trials that have been operating across the country, looking at methods of collaboration and at the use of land management plans, and trying to understand from them how they would get a wider range of stakeholders involved in this process. If you talk to a lot of the farmers who have been involved in those tests and trials, they have had a really positive experience. They have felt the benefits of collaboration. They feel like they have come up with really interesting insights. The problem is that

they are going to get and are getting disillusioned, because they do not understand what has happened to their contribution. That needs to come now.

Dr Dwyer: There is another challenge here, which is the launching of the pilot of the sustainable farming incentive, where eligibility for that pilot is—

Chair: Sorry to interrupt you, Janet, but we are going to come on to SFI. You can add anything else you want, but we will get to that one in a minute.

Dr Dwyer: It is another area where a lack of understanding of how these things connect is risking people getting excluded from the process.

Dr Little: I can understand why this is happening because, as I stated at the beginning, this is pretty much unprecedented. In Switzerland, for example, they have quite a lot of agri-environment schemes and there is more farmer involvement through a kind of test-and-trial mechanism to generate those standards for how that will operate, but here there just is not. If we look at the institutional culture of policymaking within Defra and across Whitehall, it mitigates against effective co-design, because if we are trying to implement this policy and get some certainty for farmers, you need a certain timeline against that. There are civil servants whose heads might be on the block if they do not deliver something within a timescale that the industry can go off.

Chair: Ruth, that is a very good answer. Robbie wants to come in with a supplementary.

Q143 **Robbie Moore:** I just wanted to get your feel for how well you think Defra has communicated its plans for ELMS and direct payments. Do farmers know what is coming down the line?

Dr Dwyer: I would like to say that the messages coming out of Defra have been very general and have required interpretation in order for an ordinary farm business to work out what it means from what it says. This is the problem of giving messaging largely in written statements. Engagement through an advisory network would be a much more effective way of trying to make some of these decisions meaningful for people at the local level.

If, for example, you decided that you were going to do some investment in advisory support, and then you did training for the people who were going to advise and who were going to go out on farms to help people understand what the changes would mean for them, you would have more ability to tailor the message to the situations of individual businesses. If you just pronounce with a general statement that is supposed to be for everybody, the risk is that it does not quite fit anybody's individual situations, and so they have to then make guesses as to what that is going to mean for them. That is a very difficult thing for

everybody to do with certainty or accuracy, given the degree of change that Ruth has already emphasised.

Dr Little: Again, if you want a startling statistic, a survey by the federation of young farmers found that 62% of their members did not know about ELM. If that is the next generation of farmers who are coming through the system, and 62% of them did not know about it at the end of 2020, there is something wrong within that system.

Defra also needs to think about what its role is. As a messenger, Defra does not have a lot of traction within the agricultural industry, because it puts out a lot of sanitised and guarded messaging that does not really say, in the first few sentences, what the issue is, why farmers should care about it and what they need to do to address what is being asked of them.

Again, as part of this harder-to-reach work that we have done, we mapped out the intermediary organisations that Defra could work through to have a better purchase within those farming organisations, so that the information gets through in a way that is understandable to those farmers and farming organisations. Rather than giving the information direct, Defra needs to be a facilitator of the information to those intermediaries, so that they can be the ones within communities to engage farmers in understanding that they need to act and to understand this, and that this is what they need to do to change.

Q144 **Chair:** Thank you very much for those very good answers. Ruth, on horticulture in particular, I could not agree with you more that there is a real issue. How could we engage more on ELMS with the horticultural sector, and how could we engage more on agriculture policy and the food that we eat? This is one issue that I have with a lot of new agriculture policy: it does not link enough to the food that we eat. How would you do that?

Dr Little: A lot of farmers have what I would call a productivist identity. They like producing food. They like tidy fields and good stock, and have a pride in what they produce. In order to not completely go against that, we need to start where people are, bring them on board and start with some win-wins, so that you get agronomic benefits as well as environmental benefits. That needs to be part of the first step in the process of bringing people into a cultural change in going towards more sustainable agriculture, or however we want to term it. Identifying some of those win-wins is a way of bringing in people who have not been part of the debate to buy in and not just the uptake. Buy-in is super-important to generate environmental outcomes that are going to be sustainable in the long term.

Dr Dwyer: Horticulture is a sector that, at the moment, is not very dependent on the BPS, so, in a sense, you could say that they do not have a strong driver to have to engage with ELM. What I would say is that we are only looking at ELM in this inquiry, but the other half of what

is changing dramatically in agricultural policy at the moment is going to be regulation deriving from the targets in the 25-year environment plan. I am sure that many of those regulatory changes will affect all sectors of agriculture, and not just those that, at the moment, are very much dependent on BPS. There is another side to this picture, in which horticulture and dairy farming will be significantly impacted by changing policy.

Q145 **Mrs Murray:** I would like to turn to the sustainable farming incentive. Full details were published earlier this month for the SFI pilot launching in October. What were your first impressions?

Dr Dwyer: There are good and bad elements in what has been announced; perhaps "good and not so good" is more respectful, recognising the amount of work that has gone into the preparation.

One of my biggest concerns is the exclusion from the pilot of people who are already participating in agri-environment schemes, because they are people who already have maybe 20 or 30 years of knowledge of working with Government schemes that are trying to encourage environmental management. If you exclude them from the pilot, you exclude a hugely important learning resource from your pilot work. It means that what you are left with are the people who have not engaged, for various reasons, which you could say is a very biased sample to be working with and trying to learn from.

On the plus side, the approach of going with these standards and general areas of management is a good response to trying to deal with complexity without ending up with something that nobody can work with because it is too complex. I know that people are still saying that it is still very complicated to understand, but at least breaking it down by particular areas of activity and particular notions of standards seems to me a sensible approach to attempt.

The real issue in respect of people taking on board the pilot and working with it is what kind of advice, information and support they will have to help to maximise the added value of what the SFI is trying to achieve. Again, that goes much beyond payments and prescriptions, and involves learning, understanding and engaging. That is what I worry SFI will lack.

Dr Little: From the initial feedback, farmers who have looked at this like that there is a menu approach to those standards and that that is a simplification of the process and positive echo of previous schemes. There is also complexity involved in this and uncertainty about the number of actions that people are supposed to put in place, which very much speaks to what Janet has just said.

SFI was developed on the basis that it would not be complex enough to need advice and guidance to go into the scheme. That is great, and simplicity is brilliant, but that should not preclude the real centrality of decent, tailored, on-farm advice and guidance to assist people in taking a

new look at their farm and being able to step back and think, "I have time to look at my whole holding, even though it is just parcels of land". If you want to look at the co-design process and how that has influenced what has come out of SFI, the initial perspective was that it would be a whole-farm approach. A lot of the feedback was that it would just be proved unworkable and people would not go into it, if it was a whole-farm approach, so it has gone to the parcels of land, which has been welcomed as a positive introduction.

That process revealed that some standards have been left out, including unenclosed uplands and peatlands. There are really vulnerable landscapes that have been left out of the pilot. Defra has recognised this and is now working with the federation of commoners to try to reassess this.

There are positives and negatives, but it has been raised that the payment rates are pretty much based on countryside stewardship and are not seen to take full account of the amount of money that it takes to put into place some of these measures. I hope that this pilot, which is very welcome, does the test, learn and adapt through monitoring and evaluation. There should be proper mechanisms, checks and balances in place, so that, when we get that evidence, it really feeds back into the policy. That really needs to be made clear going forward.

Q146 **Mrs Murray:** That leads me quite nicely to my next question, which is for Janet. Previous witnesses have told us that income forgone will not work as a payment mechanism for ELM. Can you explain why not? What is the alternative?

Dr Dwyer: There are reasons in principle and in practice why income forgone is a less than ideal approach to payment rates for these kinds of schemes. One is the increasingly volatile nature of agricultural markets and the fact that we expect that to continue to be the case going forward, such that you do not know from one year to the next who is going to make what level of income. That becomes a difficult system to manage. It also means that, if we are facing more extreme weather events and more uncertain, unpredictable external conditions, that will also add to the difficulty of managing a system based on income forgone.

The other thing is that it is inevitable that, when you are asking farmers to do things that have a balance of costs and benefits associated with them, you have to make reference to market prices. You need to have a system that smooths out those extremes and gives them some level of certainty, if you want them to invest in making a shift.

I come back to the name of the scheme: sustainable farming incentive. It is trying to get people to move their systems on to a more sustainable, long-term basis. Income forgone is a snapshot-based approach, saying, "What is making money at the moment and what do we have to pay people to buy them out of the alternatives that they might be choosing?" That encourages short-term thinking, which is not really very helpful.

Having said that, we have missed the boat now with SFI, in that it will be based on income forgone in the short term, certainly for the pilot. There is much more scope to focus on the two other tiers of ELM, to use a more project-based and outcome-focused approach to determining payments, where it is negotiated between the buyer and the seller through some mechanism.

Q147 **Mrs Murray:** This brings me quite nicely to the final part of my question, which is also to you: what role should private finance play in facilitating the delivery of public goods in ELM?

Dr Dwyer: It is very important to bring private players in, for a number of reasons. One is that there are significant beneficiaries if we get it right in respect of making savings for people like the public utilities and others whose products depend on a good-quality environment. Looking forward, public sector finance is always vulnerable to wider economic fortunes, so having a blended finance approach seems to be a sensible one. It also gets buy-in from the people who are the beneficiaries of some of this change in management.

Making it work is quite a challenge, but there are good examples at the local level of where that is working. We have been involved in one experiment in the Upper Thames with FWAG SouthWest, a whole load of local stakeholders and Thames Water, jointly funding environmental management. I am aware also that Green Alliance, RSPB and others have been experimenting in other parts of the country, bringing in private sector funding.

Private sector funding tends to be narrower in scope, because it will be very much linked to the benefits that the private sector is going to gain from the sorts of management that are being introduced, but if you can facilitate and co-ordinate that funding alongside the public funding, you get a better bang for your buck.

Dr Little: Although private finance will have more of a role in the two schemes that are going to come next, we need to maximise the synergies that are available through the private sector, and especially through supermarket assurance, for example. If you take the example of the Tesco sustainable dairy group, it has made bigger inroads into reducing the use of critical antimicrobials in the livestock sector and is now turning its attention to environmental benefits. Being able to use ELM as a proxy for environmental benefits would boost participation among those farmers, because it could be part of their assurance to bring together with the supermarket assurance of environmental benefit. We need to make sure that those synergies are maximised.

Mrs Murray: We will leave it there, because we might be straying into somebody else's question, but thank you very much for your comprehensive answers. They were very good, thank you.

Q148 **Chair:** Before we leave this question, Ruth, a lot of farmers at the

moment would probably use the basic farm payment to help them, if they were in stewardship schemes and others, to finance that. It was Minette Batters who said that, in order to farm green, you have to be in the black, not in the red. The trouble with income forgone is that a lot of these schemes are not going to be attractive, so what more can we do to make them more attractive?

Dr Little: I absolutely agree with that. If you were looking at this from a rational economic perspective, there is a lot of risk involved that BPS smooths out, if you have a baseline income to make sure that you can make that investment and take that leap into agri-environment schemes. It is really hard. It has to be some sort of blended finance model that has almost a standard payment, even if it is just income forgone, but then has a bonus payment for, for example, derived outcomes. It is really hard to calculate those outcomes, but there are models that we can learn from, like in Ireland with hen harriers. They have generated schemes where there are bonus payments for getting additional environmental gains, so you have the baseline and more ambitious payments on top, but it is a really complex problem.

Dr Dwyer: We could be more comprehensive in recognising the management costs involved in agri-environmental and environmental management more generally. Management costs are not just the operational management but the planning and the investing in the equipment and the labour that you need to do the job properly. A lot of the costings that have been done of previous agri-environment schemes have not given proper consideration to the whole business management, planning and investment side of the costs involved in carrying out environmental management.

If you want to graze a field with cattle for a certain period of the year, it is not just the costs of getting those cattle out there. Where are they going to be for the rest of the year? How is it going to fit into the wider farm structure? As one farmer who I know very well in Exmoor once said to me, "You cannot just take them off the washing line, peg them out to dry when you do not need them and then bring them on". You have to have a system that makes sense, so the management costs have to be more than just piecemeal individual actions. You have to think of how you represent the management costs of achieving a system that enables you to carry out the environmental management that you desire.

Dr Little: This depends on the complexity of the scheme. If you have a very complex scheme that takes a lot of understanding that you do not have time to do, you need to plough money into advice. If you are going to derive £700 from a scheme but it costs you £500 to get a land agent involved to understand it and apply it to your own holding, that is a big problem. That is one of the key criticisms of SFI as it currently stands. It was supposed to be simple, but if you have a look at the guidance, you will have about 50 tabs open on your computer while you try to

understand it. Again, simplicity is laudable, but the execution of it means that a lot of that money is going to need to be hived off.

Chair: Thank you for that point. We will have Ministers in to put these questions to about how simple SFI may or may not be.

Q149 **Dr Hudson:** Thank you, Ruth and Janet, for being before us today. It has been really helpful. We touched on advice earlier on, but I wanted to get more on record about advice for ELM and for SFI, although we touched on that just a couple of seconds ago. Ruth, how should advice for ELM be provided so that it is effective and trusted by farmers?

Dr Little: This has been discussed at length. Most people involved in agricultural research and knowing the evidence would absolutely advocate for tailored, farm-specific advice. If we are talking about this transition of moving from one system, which is embedded in an absolute culture of agriculture that has been developed over decades, towards something new and delivering public goods for everybody's benefit, the argument is that you frontload that with tailored, targeted, on-farm advice, so that people understand what is being asked of them, recognise what their input is and can walk the farm with an adviser.

We talk to a lot of farmers who have been involved with FWAG agents, et cetera, and will have very good things to say about it. They can walk their own farm, using their own expertise and knowledge of their own holdings, but get external input into how they are going to change their business to be more environmentally orientated. If your mindset has been very much around agricultural productivity, it is going to take a transition and a shift of mindset, understanding and knowledge to be able to apply that to your own holding. If we get this right with SFI, we have a good basis to then scale up to local nature partnerships and landscape recovery in the coming years, so that we create collaborative agreements between those farms.

If we have tailored advice and guidance at farm level, that can provide the expertise that will generate an understanding of what needs to happen. With spatial prioritisation across a catchment, for example, most natural scientists will tell you that the best bang for your buck and the best environmental benefits are achieved at a catchment scale, so we need people within those communities with the trust and confidence of farmers, who can join up the dots and put the pixels of that picture together to create a genuine picture of environmental sustainability as well as agricultural production.

Dr Dwyer: I wanted to say something about the scope of advice. You need advice that not only knows about the environmental benefits that you are seeking to deliver but also understands the business realities of the costs and implications, and potentially the synergies and business benefits that can arise from different approaches to environmental management. Finding those two things—agronomic and business advice on the one hand, and environmental advice on the other—and putting

them together in an effective way is a challenge, given that, at the moment, across the sector, we have a situation where a larger arable holding is very likely to pay for agronomic advice on a regular basis; a modest-sized family farming doing beef and sheep may not have any adviser visiting the farm on a regular basis, other than perhaps the feed rep or the vet, and their advice will be very particular to their particular skills and interests in visiting that farm.

Previous research that we have done on the effectiveness of advice emphasises the value of working through existing communication channels and networks that farmers trust. In different sectors, it will be different channels. Creating that climate where farmers are learning from their peers and from people who they trust, but are able to access both environmental and business advice through those routes, is really important.

The problem at the moment is that, if we leave it up to farmers to make choices and there is no public provision in a comprehensive way, you will get very patchy availability of advice and information to help people with their decisions and adaptation, which may not add up to your assessment of what is most important to achieve through the schemes that you are putting in place and the money that you are making available.

Q150 **Dr Hudson:** Defra released its online advice for the SFI pilot earlier this month. Are farmers going to be able to rely on that online advice that was released to them?

Dr Dwyer: We have all just been living through more than a year of Covid-imposed online learning in lots of different ways. You know some of the problems that arise from this experience: online fatigue, and making things seem real when you are just looking at screens and reading text all the time. You can do certain things with videos and various whacky methods of getting ideas across, but it is not the same as having somebody on the farm with you and going around and saying, "I have always wondered why this happens" and "What could we do about that?"

There is a lack of tangible engagement in an online learning system. I have seen it with my students. I can have 25 students in a class and I do not know if half of them are really just tuned out. That is the risk with this, because it is a really big endeavour. If people take it to heart, it has to mean something personal for their own business, their own situation, their own farm and their own fields, and I am just worried that an online form of engagement is not going to achieve that.

Q151 **Dr Hudson:** Ruth, you mentioned that a farmer might get X pounds' worth of benefit but might have to spend X-minus-200 pounds in terms of getting an adviser or an agent. Are you picking up evidence that this process is driving people along that line? The online system is frustrating because of where we are with the pandemic, but are you picking up evidence of that?

Dr Little: Yes. There is another research project called Contracts2.0, run out of the University of Aberdeen, that is absolutely picking up this kind of evidence. Some of its interviews have suggested that any new scheme where farmers put their head in their hands and land agents rub their hands together is a red line. That is probably being a bit harsh on land agents, but it brings home the complexity of the scheme if you cannot understand it yourself and have to employ somebody else.

Let us look at the context in which we are working. There is less labour on farms to be able to do all these different things that farmers have been asked to do, with limited mental bandwidth to enact all these different things. If you come up with something with multiple strands that you have to click on and digest, and think through how you are going to apply it to your own farm, you are going to disengage. You are going to focus on the here and now, and that has absolutely been exacerbated by Covid.

I just want to come back to your previous point. We have to realise that there is still a digital divide out there, especially within rural communities, around broadband access. If we go down the line of digital by default, it is going to lead to exclusion. We need to find mechanisms, and that may be having a downloadable document that can be printed off and used by others to enable people to understand what they are doing.

There really is a new role for this kind of interaction through webinars, and interactions where you can chuck your wellies off the door, come in and learn something new, but if the complexity of the scheme is such that you need external input, it is going to take somebody's boots on your farm to go through this stuff with you so that you understand how to adapt it to your farm.

I keep going back to this big picture of what is at stake here. If we get this right, we could be using 70% of our land space that is under agricultural management to get towards our big goals of net zero by 2050 and to hit biodiversity targets. If I am being the eternal optimist, we could have a joined-up approach to getting to these big goals and the 25-year environment plan. There is a very serious case for Government intervention in making this work.

Dr Dwyer: The entry-level agri-environment scheme under environmental stewardship was designed as one that should not require advisory support, and it had a simple system. They ran it like that for a couple of years and then they did a pilot where it tested, if advice was supplied to help support people making those choices in that scheme, what the results were. The tests showed very clearly that it was not just about helping the farmers but about increasing the level of environmental benefits that you got out of the thing at the end of the day. Investment in helping people to make those choices when they were going into the scheme could massively increase the environmental benefits that it was

likely to generate. We have been there before and we should know the answer to this question. We should have learned that lesson.

Dr Hudson: Thank you; that is really helpful. These will be very useful points for us to push back to Government in terms of wanting to try to get this right but having to make sure that the rollout makes it work properly. I declare an interest, representing a rural part of the world where digital connectivity is a big issue; Ruth's comments in her answer are very pertinent. We need to push into Defra and say that there are some areas that are going to struggle to rely on online, so thank you for that.

Chair: Can I thank Ruth and Janet very much for a really good session? It will give us a lot of information to put to Ministers when we come. We are very much drilling down into ELM now and how we manage it in the future, so we very much appreciate your answers. Thank you very much, both of you, for your evidence this afternoon.

Examination of witnesses

Witnesses: Alice Groom, James Adler and Professor Rosie Hails.

Q152 **Chair:** Can I move on to Alison, James and Rosie, and ask them to introduce themselves, please?

Alice Groom: Thanks for inviting us to give evidence this afternoon. I work within the policy team at the RSPB and I sit on the ELM engagement group. I am also the vice-chair of the Link agriculture working group, so I have a good overview of current agricultural policies. RSPB has been working on agricultural policy for a long time. We are really passionate about ensuring that this reform is something that works for nature, for farmers and for society. We are really motivated by ensuring that the new ELM schemes are effective, practical and deliverable.

Professor Hails: Hello, I am Rosie Hails. I am a scientist and the nature and science director at the National Trust. Until a few years ago, I was the science director at the UK Centre for Ecology and Hydrology. I also sit on Defra's Science Advisory Council. The National Trust has a big stake in this. We have 1,400 tenant farmers, so we have a lot of skin in the game. We are very interested in making ELMS work effectively, because we have big targets for carbon and nature.

Chair: You are also big landowners overall, are you not?

Professor Hails: Yes.

James Adler: I am James Adler. I am the national land management adviser for The Wildlife Trusts. I have managed large nature reserves in southern England for almost 20 years, managing ELS, HLS and CS schemes across high-nature-value sites. I sit on a lot of the technical groups, including for the old schemes—the basic payment scheme and

countryside stewardship—as well as doing a lot of work advising Defra through the engagement groups on the new schemes as well.

The Wildlife Trusts manage about 100,000 hectares of land throughout the UK. We have 2,300 nature reserves and 31 working farms, and do a large amount of landowner advice as well.

Q153 **Chair:** Is Defra's planned timescale of seven years for the agricultural transition and ELM still feasible? This is a very similar question to the one I asked the first panel.

Professor Hails: It was useful to be in on the last session, because I agree with much of what was said there. We acknowledge the magnitude of the change and that the timescales have become somewhat compressed due to Covid and other reasons, but I would emphasise that the imperative that set this direction of travel—namely, the nature and climate crisis—remains the same.

In fact, last week the Climate Change Committee published another report that illustrates that it is even more urgent than before that we move towards managing our land more effectively for food, climate, people and nature. I could trot out plenty of stats to support this, but you probably have all those at your fingertips anyway. Brexit has offered us an opportunity to recast this area for wider public benefit. For those reasons, the time is now. We need more detail and clear pathways, so that different types of farmers can see their future, but it is critical and we all need to put our shoulders to the wheel to make it feasible in this timescale.

Alice Groom: We strongly agree with everything that has been said up to now. The one thing I would add is that we are a little bit concerned that Defra is at risk of losing all discipline and not having a clear direction and vision that it is working to, with clear parameters set for all of the schemes that it is working on.

Just to give a little context to that, we are not concerned because Defra has not provided the basic answers, but because they cannot. Whether it is governance, the role of advice, targeting budget control or the relationship between the different schemes, Defra really cannot answer those questions and we are really quite concerned.

Q154 **Chair:** When you say it cannot answer, is it a case of cannot or will not? Does it not have that information ready? Where is it on this?

Alice Groom: We are fairly certain that it cannot answer. We have been asking for a long time for answers to these questions, to provide confidence and clarity to farmers and to society at large. It just cannot answer those questions, and that is what we are really concerned about. What we really want now is a strong, concerted effort from Defra to clearly set out, in sufficient detail, what sustainable farming and land management looks like and the metrics that it will measure that by. That does not need to be prescriptive to the farm level, but clarity on what the

new normal is for farming and what that means in terms of regulation, the environmental land management scheme and all the other aspects that sit alongside that.

Q155 **Chair:** Just going back to the original question I asked, is it feasible to transition from the basic farm payment to ELMS in the seven years? Will it work? What is your view on that?

Alice Groom: It is achievable but, as Rosie said, we all need to be up on deck and pushing in the same direction. It is important that we have that clear vision and direction from Defra as to where we are going, so that we can all chip in, help and make sure it works. Your previous witnesses talked a lot about the role of advice, and aspects like that will be really critical. Investing in that now will be really critical in enabling farmers to shift from where they are now to where Defra wants to get them to by 2028.

Q156 **Chair:** James, from the Wildlife Trusts' point of view, where do you see it all?

James Adler: We share the views of the RSPB, the National Trust and the other witnesses. We have a lot of headlines: 30% of terrestrial lands protected by 2030 and legally binding targets for species abundance by 2030, aiming to halt the decline of nature. This resonates through everything that we are talking about, without a clear vision, objectives or budget, and fundamentally the role of regulation that underpins this. We have had the Dame Glenys Stacey review since December 2018. We have had no consultation on it. Why not? Who has blocked it and why have we not had a chance to do that? That would have underpinned a huge amount of the consultation that we are talking about now.

Q157 **Chair:** Direct payments are being removed. We have a clear map, have we not, of how the basic farm payment is going to be phased out? By 2024, half of it will be gone. How clear is it to you at the moment where ELMS is and how quickly it is coming on? Have you any idea how you will tap into that?

James Adler: That is an excellent question that can be answered for different sectors in different ways. As an overall headline, no. On managing nature reserves at present, which rely on BPS income—I believe that there will be a question on this later on—there is significant risk, especially around high-nature-value sites and how the basic payment scheme and the drawdown of it towards 2024 will impact on those. That is alongside the wider farming sector.

I have deep concerns about the transition period and how we get there, but I share the views of both Alice and Rosie that we have to get behind it and make it work. It is about supporting Defra in this. The more open it is, the more we can help it with that process.

Q158 **Chair:** Just before we leave this question, Rosie, the National Trust has a lot of tenant farmers. Defra and Government are trying to consult with

farmers. To ask you a very direct question, how do you consult with your own farmers within the National Trust estate? That might be quite interesting and helpful in terms of how Defra could perhaps liaise with farmers. How do you do it?

Professor Hails: The National Trust is quite a devolved organisation. In regions, we have land-use and farming advisers and estate managers. They are our members of staff who have the one-to-one relationships with our tenants. We draw that information together more centrally through that farm advice and estate management network. I would certainly agree that we could be much better at tenant engagement. That is something that this whole agricultural transition is highlighting.

Q159 **Chair:** What are your tenant farmers saying to you about this transitional period? Are they happy or not? Where are they? What space are they in?

Professor Hails: I would say that there is quite a range, but the general mood is one of not really understanding where they stand and not really seeing a clear pathway. Of course, it varies hugely, depending upon whether you are talking about upland or lowland farming, dairy farming or extensive grazing. I entirely recognise all the points made in the previous session. There is a clear lack of clarity in how they see their pathways going forward.

Q160 **Ian Byrne:** I will direct my question to Alice first. The Wildlife Trusts argue that "ELM objectives should be tied to meeting the environmental ambitions of the Government, which should be legally bound through the Environment Bill". The National Trust also argues that to "truly deliver the environmental recovery the UK needs, the scheme will need to be integrated with other mechanisms proposed under the 25-YEP such as local nature recovery strategies and biodiversity net gain". Defra has not yet set out specific measurable objectives for ELM. What are the risks of this?

Alice Groom: The stakes could not be higher. It has some really great commitments that it is making, and the promise that ELM will make a significant contribution to delivering them, but unless we know what that contribution is, how can you have confidence that you are designing a scheme that is sufficiently ambitious, engaging and deliverable to deliver those targets that we want? We are increasingly concerned that ELM is not being nested within the broader environmental agenda that Defra has set itself. That view comes partly from decisions it has made to date, and partly due to having that lack of information around the contribution that is supposed to be made. This is really concerning.

One of the things that we have been asking, for a considerable amount of time, is for clarity to be provided on that. That will not only help farmers to understand what the priorities are for the scheme, where the funding is likely to come from and how everything works and fits together, but will also help provide confidence and an ability to scrutinise the work that Defra has done to date—the SFI pilot and everything that we have seen—

and to check that it is going to deliver what Government have signed up to deliver.

James Adler: I would say that we have not looked back as well. We have not seen a comprehensive review of countryside stewardship to date, and that is one of the precursor schemes that is still live. There are definitely good parts about it but there are also things that do not work so well. We do not have that review in front of us to help guide us into ELM.

You are absolutely right that we are lacking the clear monitoring and evaluation work for those previous schemes and, therefore, how ELM can come into this. We believe that, overall, the agriculture budget is not enough to address the climate and nature crisis that we presently find in land management. At the moment, as we understand it, the package of measures within the programme does not address the scale of environmental need. This is the flagship delivery mechanism for Government policy, but I believe that there is more that needs to be done.

Ian Byrne: That is a good answer.

Professor Hails: I agree with what James and Alice have said. I am also involved in working with Defra around the biodiversity targets for the Environment Bill. We would really welcome having specific targets. It is great to have that focus on outcomes, but what is currently missing is the detail around plausible pathways to reaching those targets, and what role is going to be played by ELMS and how that interfaces with nature recovery areas and biodiversity net gain, just as you articulated at the beginning. It is the detail of those plausible pathways that we really need to thrash out.

Q161 **Ian Byrne:** Just to build on that, what should the objectives of ELM be?

Professor Hails: One of the concerns at the moment, particularly with the SFI part of ELMS, is that, while I quite understand that it needs to be broad and shallow to start off with, to try to encourage high uptake, we need a little more clarity. A lot of the measures in SFI are—

Chair: Sorry to interrupt, but we are going to come on to SFI in a minute, so please stick to ELM at this point, if you could.

Professor Hails: I was just using SFI as the major part of ELM that we were talking about today. It is really about trying to be specific about the outcomes both for carbon and for nature that we really need from ELMS. We need some specific objectives that focus on biodiversity and carbon.

In talking about carbon, I know that Defra has a list of measures for agriculture that will contribute to moving towards lower-carbon farming, like precision farming, better health planning for livestock and analysis of manure prior to application, but sometimes we are in danger of just nibbling around the edges. The big elephant in the room is livestock.

Enteric fermentation from livestock is a major contributor. The exam question is how we effectively reduce livestock contribution to greenhouse gases, recognising that it is part of a system where you have livestock densities, the diet in the UK, and our imports and exports. One of the key things is that we need strong links to the food strategy as it is developed.

Q162 **Ian Byrne:** This is the national food strategy from Henry Dimbleby.

Professor Hails: Yes.

Q163 **Ian Byrne:** James, from the Wildlife Trusts' perspective, what should the objectives of ELM be?

James Adler: The strapline of ELM is "public money for public goods", and that should underpin every single part of what it is. That has been set out relatively clearly at the beginning of the scheme. Understandably, because we are in a complex sector, some of that has got a little confused, and there are a range of voices calling for different things from the scheme, as you would expect.

You would understand that we would fall back on "public money for public goods" means those environmental goods at the very heart of the scheme. It is not a support mechanism anymore in the way that the basic payment scheme was. It is not a subsidy. It is there to achieve very tangible environmental outcomes, and that should run through the heart of the scheme. That is really what we believe should be focused on in every design element.

Alice Groom: I could not agree more with what James said. We would really like to see Defra specifically having targets like recovering common and rare farmland wildlife, X amount of carbon stored and X hectares of habitat created. It has some of those targets in there but what we really want to see is what the specific contribution of ELMS is. That is what we think this could achieve and it is a really good prize.

Ian Byrne: Thank you for those excellent answers.

Q164 **Mrs Murray:** How much do the Government's wider environmental ambitions depend on getting ELM right?

Professor Hails: ELM is a crucial part of this. About 70% of our land is farmed. The debate that there has been around land-sparing or land-sharing is a bit polarising, and we need to do both. We need to work out where perhaps farming is no longer the best option. Although it is a big change, we need to really move towards farmers becoming land managers more broadly. They are absolutely crucial to this and have a big contribution to make. ELMS is a fundamental part of it, so the Government's objectives cannot be achieved if ELMS is not successful.

Alice Groom: I completely agree that they cannot achieve their environmental targets with ELM, but ELM needs to be ambitious if they

are going to achieve those targets. I also want to make the point that an ambitious, environmentally friendly ELM scheme is also really crucial to building a sustainable farming sector. There is such amazing, good and growing evidence that farming in the grain of nature and finding that real sweet spot is a really good way of building business resilience and better profitability. It is quite an exciting opportunity and we really just want to make sure that it does not slip through our fingers.

Q165 **Mrs Murray:** James, I will put the same question to you, but could you also tell us whether ELM needs to be more explicitly integrated with other environmental policies and governance structures?

James Adler: I will start by saying that the two panellists before and both Rosie and Alice have answered this very well, and it links to some of the questions that Ian was asking us. In terms of the first part of the question, we have the 25-year environment plan, which is working its way through. ELM needs to link to every element within it, so that it is absolutely central and connects to it.

In terms of the second part of the question, what you are asking me, effectively, is whether it needs to do more.

Q166 **Mrs Murray:** Does ELM need to be more explicitly integrated with other environmental policies and governance structures?

James Adler: There certainly needs to be coherence across the whole picture. There is no point in putting all eggs in ELM's basket. We have an enormous amount of work to do to turn around the decline of the natural world, and Government have been bold in some areas. The Dasgupta review, led by the Treasury, is a remarkable document. It now needs to be implemented. There is a whole range of other work that is happening across Government. How it is all brought together and co-ordinated centrally needs considerable work to achieve that.

Alice Groom: I agree that it needs to be integrated. Government have hinted at things like local nature recovery strategies as a way of making ELM integrate with biodiversity net gain and all sorts of other things at local level, but we do not have that much detail and it is really crucial that they do.

Professor Hails: I have already made the point that ELMS needs to be well integrated with the other strategies.

Mrs Murray: You are all agreed on that one. Thank you very much for your answers.

Chair: There was a degree of harmony there.

Q167 **Dr Hudson:** Thank you, Alice, Rosie and James, for being before us today. I wanted to get on now to engagement with farmers and land managers. What has been your experience of engaging with Defra on the design of ELM?

Professor Hails: I feel for Defra to some extent, because co-design is really hard to do well, and it has tried. I know that the previous witnesses were talking about the tests and trials, which are one mechanism of engagement. It has been a positive experience in one sense, but quite often those involved have not been able to connect to the bigger picture. They do not know what is going on elsewhere, just as was articulated previously by Janet. I quite agree that there has not been that feedback mechanism.

There are a couple of additional points that I would like to make. We do wonder whether Natural England, which has lots of agri-environment expertise and experience, was involved sufficiently early in the process and enabled lessons to be learned from the introduction of ELS and HLS, for example.

Many stakeholders who have been engaged in the ELMS engagement group have found that, quite often, the way that information has been shared with them has been just in the meetings, at the last minute, as slides, and they have not been allowed to share that material with colleagues. It has all been in confidence, so they have not been able to discuss it with others outside the meeting, and this has generally led to a feeling of those meetings being used for ratification rather than genuine consultation.

Finally, the sustainable farming incentive was introduced quite late in the process, so some quite big pieces have been moving around quite late in the day. They are my comments on engagement.

Alice Groom: I agree with everything that Rosie said. I could not agree more. That point about ratification rather than consultation is crucial.

James Adler: There has been an improvement since the beginning. Defra has worked hard to employ staff who specialise in engagement. There have been moments of very good engagement through the process. As Rosie has described, there have also been moments where it has not been so successful. It is really hard to get a feeling for the whole picture, even sitting in the meetings. There are so many meetings that getting an overview of the whole scheme is incredibly difficult. I agree entirely that it sometimes seems that information is being slightly selected in how it is presented. With that lack of vision and objectives, it is quite hard to engage with the process. If you do not know, fundamentally, what Defra is trying to achieve, you are sometimes a little bit in the dark, which can be challenging.

I have one particular point on a word that certainly we in the Wildlife Trusts struggle with. We regularly hear the word "simplification", both with the basic payment scheme and now with countryside stewardship. We often hear the word "simplification" throughout all of this process. Nature is not simple. It is extremely complicated. When we try to simplify systems, we make them less biodiverse, less resilient and less capable of surviving our impact on them. As much as simplification is necessary to

manage schemes, we have to appreciate that a degree of complexity is critical and that we cannot just simplify for the sake of simplification.

Q168 **Dr Hudson:** As a follow-up on this idea of engagement, has Defra done enough to engage with harder-to-reach farmers or more specialised groups of land managers when they are designing ELM? We heard earlier about the federation of commoners. I declare an interest that, in Cumbria, it is a significant issue for that particular sector in terms of this transition. Do you feel that Defra has done enough to engage with these groups?

James Adler: I had better answer that, if I may, in two different ways. In one way, no, it has not, because the feedback from a lot of the smaller groups, as you say, is that especially those who do not enjoy the resources that we have as three environmental NGOs have struggled to be heard by Defra and to be able to engage in the same way, and that is a real challenge.

Having said that, where I sit in the countryside, when I am speaking to local farmers, they have often not chosen to engage either, so this goes both ways. Defra has some real challenges there and it certainly needs to reach out to some of the smaller groups.

Alice Groom: It is a challenge to reach the hard-to-reach. Defra has tried really hard but, at the same time, it has never had this clear, transparent engagement strategy that is there and open to the public, so that they know what the vision for ELM is, what it is trying to achieve, what the component parts are and where the opportunities are. Instead, stakeholder engagement has been a bit ad hoc. Unless you are on it and you have the capacity to follow where it is going, you would really struggle to find those opportunities to engage. For individual farmers and much smaller organisations, it has been a challenge to really feel engaged.

Professor Hails: I do not have much to add other than to say that it is worth the effort, because the greater diversity of organisations that you involve, the better-quality your feedback will be.

Q169 **Chair:** Just before we leave this one, James, I am going to set you a bit of a challenge. You said that nature is complicated, which it is, but if you do not get a system that is relatively simple, are you going to get the farmers to sign up to it like you want to? How do you get the complexities of nature sorted but still attract the farmers into the scheme? That is quite a challenge for you.

James Adler: If I had the perfect answer to that, I would already have written to Defra with it. It is clearly incredibly complicated. There are a few things to say. While preparing for this, I tried to read around a bit. It would appear that 50% of farmers in this country have no formal training in farming. We also have the arrival of the Institute for Agriculture and Horticulture coming later this year. We have not spoken much about that

yet today. What is it? How is it going to improve standards? What are the training elements within that on the natural world? How do we get the Rural Payments Agency, if it is going to be the administrating authority, to have expertise running through that organisation in the environmental world?

There are a huge number of things that you could do relatively simply to increase the knowledge of land managers across the country. When you explain something, when you teach people and when you explain a different way of doing things, it suddenly becomes less complex. If you can explain the complexity of the natural world and the beauty of it to children on farm groups—and many farmers are doing brilliant work on that—we should absolutely be able to do that within Defra and land management.

Q170 **Chair:** I would take you up on one thing there. Be careful when dealing with farmers and saying that very few have had formal training. I would suggest to you that they are brought up in the countryside and have a natural feel for the countryside and nature, so many of them who may not be formally trained are probably those who are doing more for the environment. You just have to be a bit careful when you make a judgment on whether people are trained or not. You can be intellectually hugely trained, but that does not make you practical. That is the one thing that we have to be careful with as we move forward: that we have practical systems as well as just systems that fit particular boxes that we tick. This is me being pedantic about it and my practical farming experience, but we need to be careful as we move forward. That is the only that I would say to you.

James Adler: That is an entirely fair point. All I am doing is quoting the figure that exists. I agree entirely that the interpretation of that figure can go in a range of different ways. I do not know if the 50% who have been formally trained in farming are better at managing the natural world, but my key point is about what the opportunities are to explain that complexity and work with it. That is why ELM is so important. We should not be afraid of that complexity. It is by bringing complexity back into the system that we build resilience.

Q171 **Robbie Moore:** As a Committee, we have had a lot of previous discussions around agri-environmental stewardship schemes, and particularly the entry level stewardship and countryside stewardship schemes that existed in the past, and their failure to deliver on the environmental aims that they set out. Will the options available under the SFI avoid the mistakes of previous schemes?

Professor Hails: In its current form, possibly not. As I started to say earlier, I can very much see the argument for designing SFI to be a broad and shallow scheme to start off with, to ensure high uptake, but it must evolve. As it is currently designed, it is largely based on good practice around soil and water management, for example, which farmers should be doing anyway. The bar is too low to remain at that level going

forward, so it must evolve. It is only right and proper that that should be really clear from the outset. The pathway for evolution should be clear and should travel in a direction consistent with the original ambition of public money for public goods.

There are lessons that we can learn from ELS in that you might get more farmers doing the easiest options. Delivery is not across the whole suite of pieces, and I am sure that my colleagues can talk about that in more detail. At the moment, there is a danger. It must evolve. That would be my summary.

Q172 **Dr Hudson:** Alice, coming to you next, what I want to try to tease out is around the uptake of countryside stewardship schemes that followed on from entry level stewardship, which was low. How do we engage more in the process and ensure that we are getting the aims of the scheme through environmental benefit as well?

Alice Groom: Entry level stewardship was really popular. About 70% of farmed land was covered by that scheme and it was really popular, but you did not have to do much to get £30 per hectare. That is why it did not achieve very much, but it was a popular scheme and had a much bigger budget than countryside stewardship.

Countryside stewardship was never designed to get the levels of uptake of entry level stewardship. It was designed to be a bit more targeted and focused and to have more directed choice, trying to address some of the issues that we had with entry level stewardship, where you could choose whatever you wanted and lots of people chose the same things. Countryside stewardship was never going to get those levels of uptake.

With ELM, we want something that can do that. One of the things we have learned from countryside stewardship—Natural England has done all the number-crunching—is that, where it is applied, farmers are doing some really great stuff and there is quite a lot of evidence that it does work. It was not piloted, it did not get the systems behind it right, and it did not quite get the levels of flexibility right, so it can feel a bit rigid for the farmers, and the systems behind it were, "The computer says no". The computer system was designed to handle BPS. Agri-environment schemes are always going to be a bit more complicated than that to manage, and it is starting to get it back on track now.

James mentioned a comprehensive review of countryside stewardship, which would be great, in order to interrogate the things that have gone right and the things that have gone wrong, and to make sure that the sustainable farming incentive learns from all of that and that we learn from the pilot and make sure that we set that up for success.

James Adler: I would reiterate that broad and shallow responses did not manage to stop nature's decline**.** I am going to blow the RSPB's trumpet a little bit. It proved that a deep and targeted measure within HLS especially can change things. The cirl bunting work that it did down in

Devon and the West Country has shown that targeted measures, working with land managers and farmers, can really change the fortunes of particular species and bring biodiversity back in. Making it targeted and focused can really work. I think I am right in saying that HLS was taken up by only 14% of farms. We need to, at the very least, double that to start nature's recovery.

You are fundamentally asking how we get the uptake. Clearly, something that Defra feels is going to achieve that is the BPS drawdown and pushing farmers towards these schemes. What will happen is uncertain at the moment. We do not know. If we do not get that uptake, what happens behind that? Will we see inappropriate intensification in its place? This is the key question at the heart of your inquiry.

Q173 **Robbie Moore:** Just as a quick supplementary, coming to you first, Rosie, before the others, will Defra's approach to monitoring and evaluation of ELM be effective in ensuring the delivery of public goods?

Professor Hails: Again, you are asking a general question across the piece. In some instances, I would say definitely not. I am particularly aware of how the monitoring is being discussed for biodiversity targets. I know, for example, that it is sometimes necessary not to focus on outcomes but to monitor activities or actions earlier down the chain of change. I would say that an emphasis on outcomes wherever possible is really the way to monitor success, rather than simply monitoring the actions.

James Adler: On that one, I would put it a little bit wider. The present systems and processes that we have in place for monitoring these things are, in my opinion, not great. The support systems that we have that underpin BPS and countryside stewardship, and the tools that the RPA has in its mapping and payment systems, make monitoring of the success of the fundamental underpinning of these schemes very difficult. You then match that to the fact that a lot of the evidence requirements within the schemes are not ideal and, as far as I know, not deeply interrogated to understand the outcomes, and you have a very confused picture.

We have not spoken enough today about the underpinning infrastructure of what ELM has in the future. The present systems creak under the present schemes. We are talking about something much more ambitious. How are we going to make sure that all of that is in place, along with the monitoring and evaluation that you are talking about?

Alice Groom: Defra has not really provided very much information on what the monitoring and evaluation of the schemes will look like. We are a little concerned that the way that it has structured the standards within the SFI make them quite difficult to measure and monitor and are not clearly linked to outcomes. There is a bit of a challenge there, but we await Defra bringing forward more clarity on how it expects to do the monitoring and evaluation.

Q174 **Chair:** Moving on to a question about the sustainable farming incentive, if the income forgone is not enough to deliver it, and if some farmers who have good land perhaps decide to intensify production rather than taking the SFI payment, is the level of payment right? Does it need to be increased? Will it deliver public goods as it is at the moment?

Alice Groom: It is safe to say that income forgone plus costs incurred has quite a poor reputation amongst the farming community, but it does provide a mechanism that enables you to secure value for money and keep within the WTO green-box rules. What we have been asking Defra—since *Health and Harmony* at least, so at least since 2018—is to look at the inherent flexibilities in that system, particularly for an entry-level scheme like the sustainable farming incentive. You can look at and interrogate different points on the cost curve and you can look to factor in different costs, so that you are basically fully accounting for the levels of investment that a farmer might be expected to make in, for example, priority habitat.

We commissioned a piece of work from an independent economist that looked at how you could apply income forgone plus costs in a much more flexible way that took into account the full costs of the delivery of, say, an upland farming system or where a farming system is almost inherently essential to maintain, for example a hay meadow full of curlew. You could look at ways of doing that.

I am a little bit worried. Although they have had all of this—they have some great economists, there is a lot of expertise within Natural England and a lot of pressure has been put on them to do this—we are not sure they have necessarily made enough progress. We are worried that they are not going to use the full flexibility of that approach and maybe the payment rates are not necessarily going to meet the expectations of the farming sector.

Q175 **Chair:** If I could interrupt for a moment, if you are trying to farm your land, if you are trying to make an income for your family or you have to pay a mortgage to the bank, you have to look at actually making some sort of profit. I am not certain that these systems show any signs of showing any profitability amongst them. I am playing devil's advocate. Why would you necessarily sign up to a system that is going to make you lose money rather than going into a more intensive system? I am just trying to prise from you where you think the Government could do better in order to make the SFI more attractive to progressive farmers, if you like.

Alice Groom: One way of doing that is interrogating and finding a way this can be justified. In the way I described it, you discover what the environmental need is, what level of uptake you need, and you flex the payments to price in more income or more costs to make sense to a broader range of farmers.

At the moment, some farmers are sat there doing very well with great profit margins, and the payments do not make sense to them. You can price in more income. If you want 80% or 90% uptake, you can price in that income. You can also factor in costs that farmers would not necessarily make back from the market: factoring in the time taken to fill in the application forms, the transaction costs, to make it all make sense and to stack up quite nicely against some of the other things that you will do.

Some farmers will say, "I know how to do the usual on my farm. I can grow wheat; I can grow barley. Why do I want to do this?" That is where advice and the softer aspects come in. You can craft the SFI to hit that sweet spot. It can be nature-based and agronomic, where you are helping them to reduce costs and bringing flower-rich habitats in, improving pollination and helping to reduce the need for certain chemicals. It is about the combination of getting the payment levels right by finding that sweet spot and also packaging the SFI so it makes sense for your farm business and you are able to unlock the benefits of nature-friendly farming. You are getting that return from the market and the benefits of the pollinators and pest predators from doing the scheme, but you also have that income stream coming from the SFI or the other components of ELM. That is how we want the hard and the soft bits. Bringing those together is where we think Defra needs to be on this.

Q176 **Chair:** Before I bring in James and Rosie, there is talk about how we could bring in private finance to facilitate the delivery of public goods such as ELMS. For instance, with capturing carbon and storing carbon, there could well be private finance for that. How do you see there being a balance between the payments that are coming from the state, from the public purse, and how it might come from those that need to offset carbon?

Professor Hails: Private finance absolutely has a role. The National Trust has been doing some work in collaboration with the Green Alliance and 3Keel on this. It is based on the fact that there is a market for some of the benefits, like carbon, as you mentioned, or water quality. The way it is complementary to state aid is because there is not a market for some of the other benefits. We have definitely demonstrated that it is feasible. The key to success is creating a trading platform where you bring the farmers who are supplying a service together with a buyer, or maybe even multiple buyers, that wants to buy the service. You need that trading platform to create the right conditions, the equitable conditions, so that the farmers have an equal voice.

Q177 **Chair:** I am sorry to interrupt, but is there going to be a conflict sometimes between what ELMS or what SFI might want to deliver and if you are just storing carbon in your soils? Is there going to be a conflict there? Can they fit together?

Professor Hails: They can fit together, but you need to think about it. There can even be a conflict between where you plant trees to store

carbon and where you want to create open habitats for biodiversity. Yes, there can be these conflicts, but you need to think about it and think about what the opportunities are.

This kind of trading platform for ecosystem services has been demonstrated most easily for water quality. You have water companies paying farmers to do certain things to improve water quality. The trick will be to develop the same sort of principles for flood alleviation, carbon or even tourism for other ecosystem services as well. It becomes more complicated if you have multiple buyers as well as multiple providers. It is not by any means a silver bullet. You have to start small and build it up, and you have to think about where there could potentially be conflicts, just as you say.

Q178 **Chair:** James, you can answer those parts of those questions, but can I also add into a question to you? You have also told us about specific concerns about the income forgone model for farmers on protected sites. If you are talking about sites of special scientific interest, some of the payments on the Somerset Levels and Moors are higher now than they are likely to be under some of the new schemes. Where do you see this landing? How do we get that right?

James Adler: Forgive me, Chair. I have to answer three questions there.

Chair: I am sorry to give you so much to answer.

James Adler: On the first one about the income forgone, in our experience we have found that when managing high-nature-value sites income forgone plus costs does not work. That is a first statement.

Secondly, there is something around farmers purely thinking that they can intensify their way out of problems. We have also commissioned some work around maximum sustainable outputs, especially on the uplands. It shows very clearly that just increasing your stocking rates does not solve your financial or your environmental problems. If you are putting in more fertiliser or more pesticides, there are often false economies there. There are some key parts about intensification that need to be recognised through that. That is the first answer.

On the second one about private finance, I agree with everything Rosie has said. It needs the appropriate legal agreements and governance to sit within and alongside ELM. We are designing ELM right now without the architecture in place for bringing private finance in, as far as we can see. What compromises will therefore have to happen in the future? It needs to be embedded within it as much as possible now, or else we are going to have to tweak the scheme in the future. There is something around that.

Forgive me, but I will give my longest answer on protected sites. We see a real risk here. High-nature-value sites and SSSIs sit on the edge of agriculture. They are not highly economically productive. There is often

no income to forgo at all. Some of the commoner sites that you talked about today are a really good example of those. In the past, we have had to stitch together the basic payment scheme and countryside stewardship to cover the cost of land management within those areas. We know that SFI will not cover the cost for that. It is often not appropriate for those sites.

We have a real issue. There is going to be a significant reduction in funding on those high-nature-value sites, up to 50%, between now and 2024. If some of those sites are tied into longer than five-year agreements under countryside stewardship, the gap could still be wider. There is a real deficit in funding for the high-nature-value sites emerging. We do not think that the farming in protected landscapes scheme is going to help with that at present, as it is written. These sites are critical. They are the real reservoirs of wildlife that have repopulated sites such as the Knepp rewilding programme. They will be critical to providing the natural populations that will radiate out as ELM starts to deliver some of its environmental goals.

I will just say that Defra have now acknowledged that there is a genuine risk here. We are working with them. In fact, we have a meeting tomorrow to try to explore more of this with them and to try to understand both the scale of the risk and some of the options we can use to manage this within the building of ELM. There is a key issue here, and it is a shame that we are picking it up relatively late in the day, but I applaud Defra for engaging with us as we have identified this with them.

Q179 **Chair:** I just have a couple of round-up questions for all three of you at the end here. Is Defra providing farmers and land managers with enough information and support as direct payments are removed? Can you also link in how the computer system is looking for the delivery of SFI? I will bring Rosie in first and then go through to James and Alice.

Professor Hails: I am going to pass on quite quickly to James, because he started to answer this earlier quite comprehensively in terms of both the computer system and the amount of information available to farmers at the moment.

Chair: James, you have the hot seat now.

James Adler: If I may give an example, one of the wildlife trusts I have been working with has 17 countryside stewardship agreements for managing land across the county. The finance system that the RPA uses is not able to break that down on an agreement-by-agreement level. The finance information that comes out means that we cannot match individual payments to individual agreements. That is for one SBI in one county with one land manager. We are talking about a joined-up programme, especially for landscape recovery and occasionally for local nature recovery when it comes to targeting.

If the RPA is to be the body that manages this scheme, it needs the appropriate tools to deal with the complexity we are talking about putting in to ELM. There has been no discussion, as far as I am aware, with stakeholders on what the supporting infrastructure is that sits behind the programme, and it is a key part of it.

Q180 **Chair:** That is clear evidence. Alice, do you want to add to that, please?

Alice Groom: I will not. James has really hit the nail on the head there.

Q181 **Chair:** Is there any specific support that needs to be given to farmers that is not included in these schemes? That can be quite general. Who wants to start with that one?

Professor Hails: We need to recognise that in this big change it is not just financial incentives; it is also technical support and advice. For example, we are working with community forests on woodland creation schemes. Quite often you come up against farmers saying, "I am a farmer, not a forester". There is technical support that is needed as well.

There is something around the culture change, which I know was mentioned in the previous session. Some people feel that being a farmer is part of their identity and we are now attempting to change that by asking them to manage land more broadly. That is a not insignificant factor.

Chair: That is a very good point.

James Adler: It is hard for environmental organisation to truly talk about farming culture. It is a challenge for us and we have to be careful. The best thing the Committee could do would be to read *English Pastoral* by James Rebanks. It talks about the crisis that farmers face and how things have changed since before the Second World War. Much of the cultural change that is talked about that we discuss here is written by farmers themselves, and they acknowledge the pain, stress and challenges they have been through. That is probably the best place for those sorts of views to come from.

Q182 **Chair:** You make an interesting point about how farmers and environmentalists understand each other sometimes. That is a point well made. Alice, do you have any last point?

Alice Groom: That was a great point. The only thing I would add is that we have been talking about ensuring that farmers have access to business support. With BPS going, should farmers be able to access support that enables them to provide a sustainable resilient model? That is what Government are talking about. One of the things that links in quite nicely is some of the work James hinted at around maximum sustainable output. This is about helping farmers to find that sweet spot where you are profitable and you are delivering benefits for the environment that set you up really nicely to get into ELM. Trying to do

that would be really important, but it is not something we have really seen up to now.

Chair: Thank you very much for those last three answers. It has pulled it nicely together. It has been a very good session. Like I said, each time we have been these putting these sessions on ELM and SFI together, it has been very much a think-tank operation on how we can put to Government and to Ministers how we can improve the systems that we are going to introduce. You have given us not only a lot of food for thought but also a lot of questions that we can put to Ministers when they come before us. Hopefully we can get some improvements to the schemes to make them work better. Thank you all very much for your evidence. Thank you, members, for your attendance and questions.