

Environmental Audit Committee

Oral evidence: [The Future of the Natural Environment after the EU Referendum](#), HC 599

Tuesday 11 October 2016

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Members present: Mary Creagh (Chair); Peter Aldous; Zac Goldsmith; Mr Peter Lilley; Caroline Lucas; Kerry McCarthy; John Mc Nally.

Questions 112-227

Witnesses

Dr Viviane Gravey, Lecturer in European Politics, Queen's University Belfast, Mr Steve Trotter, Director, The Wildlife Trusts (England), Mr Martin Harper, Conservation Director, Royal Society for the Protection of Birds (RSPB) and Professor Carolyn Roberts, Vice-president, Institute of Environmental Sciences (IES)

Mr George Dunn, Chief Executive, Tenant Farmers Association (TfA), Mr Patrick Begg, Rural Enterprises Director, National Trust, Mr Richard Quinn, Chief Executive, Farmcare Trading Ltd, and Mr Tim Breitmeyer, Deputy President, Country, Land and Business Association (CLA)

Written evidence from witnesses:

[Dr Viviane Gravey](#)

[The Wildlife Trusts \(England\)](#)

[RSPB](#)

[IES](#)

[Tenant Farmers Association](#)

[National Trust](#)

[Farmcare Trading Ltd](#)

[CLA](#)



Examination of Witnesses

Witnesses: Dr Viviane Gravey, Mr Steve Trotter, Mr Martin Harper, and Professor Carolyn Roberts.

Q112 Chair: I call the meeting to order and welcome our guests for this, our first evidence session on our inquiry into the future of the natural environment after the EU referendum. If I can welcome our guests, Dr Viviane Gravey, lecturer in European Politics at Queen's University Belfast; Steve Trotter, the Director of The Wildlife Trusts England; Professor Carolyn Roberts, Vice-president of the Institute of Environmental Sciences; and Martin Harper, Conservation Director at the RSPB. Thank you all very much indeed for being with us here this morning. We have read your evidence with interest, I think we can say, and we have a wide range of questions we would like to put to you this morning. We will probably get into some of the detail quite quickly, but I think it is clear that the future shape of any trade position of the country is going to significantly influence the decisions made around the future of the natural environment.

Can you begin by telling us what the implications are of the Prime Minister's recent announcement about the Great Repeal Bill that will remove the European Communities Act 1972 from the statute book while simultaneously enshrining all existing EU law into British law? A nice easy one to start with. That is how you eat an elephant, in bite-sized chunks. Dr Gravey, you had some very interesting points. Could you kick us off on that, please?

Dr Gravey: Yes. What we have seen in the run-up to the referendum is there were lots of reports out, and notably from your Committee, on how EU legislation has had a profoundly positive impact on the UK environment. What is important here is not just about the content of the policy. It is also about the governance arrangements around this. What we have with the Great Repeal Bill is, in a way, copy-pasting into UK law but all the governance arrangements are not copy-pasted at the same time. It is the idea of the stability of EU law, because it is quite hard to agree on EU legislation, so EU environmental legislation will then be stable, which allows for investment, security and these kind of things. In the UK it will be much easier to roll back on environmental legislation, so you have this first problem.

The other problem would be legal remedies for accountability, for making sure that the Government are held accountable. When the UK Government were signing up to clean air policies then you could have NGOs like ClientEarth taking the Government to court. This will be much more difficult under UK legislation. In a way you have with this Great Repeal Bill apparently maintaining the legislation as it is but actually lots of what makes EU environmental policy stick, lots of what makes its strength, will not be carried over.



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Q113 **Chair:** You made the point, and I was very interested to read it in your evidence, that the UK would not be required to abide by the rules of the nature directives, the Birds and Habitats Directives, if it remains a member of the European Economic Area, so obviously that is a cause of great dismay. Does the Great Repeal Bill deal with that?

Dr Gravey: For now the Great Repeal Bill, as it has been presented, has not said whether it would go for a soft Brexit, a kind of Norway option EEA membership, or a hard Brexit, but the language in which it has been presented—taking full control of legislation, taking full control of budget decisions—sounds like hard Brexit to me. In a way that means that it will have a strong impact on any kind of environmental legislation. The Birds and Habitats Directives, all the nature legislation, is especially at risk under a soft Brexit because it is the only bit of environmental legislation that is not guaranteed. If you go for a hard Brexit, everything is up for grabs, and especially you would see legislation such as waste, for example, which does not get as much publicity. That would be perhaps more at risk than the Birds and Habitats Directive where you have lots of knowledge from environmental NGOs in this country that could fight for them.

Q114 **Chair:** The Great Repeal Bill is dependent on the so-called soft or hard choices?

Mr Peter Lilley: No, it isn't.

Chair: Well, we are listening to our witnesses this morning. But that is what you are saying?

Dr Gravey: What I am saying is that the Great Repeal Bill just says that every EU legislation is carried over. Whether then the UK Government can amend that legislation will depend whether you have a soft or hard Brexit. If you have a soft Brexit, the UK Government will still have to apply most of the EU environmental legislation. That means they will be constrained in whether they can repeal bits of that legislation. Under a hard Brexit they would be able to do what they want.

Q115 **Chair:** Would any other members of the panel like to comment on this? Perhaps Martin and Steve.

Martin Harper: Just bringing a bit of colour to it, the habitat regulations transpose the European Habitats Directive into domestic law and that is a piece of secondary legislation. Essentially, the Great Repeal Bill will save that piece of legislation and then, as Viviane quite rightly said, it is the ability of the UK Government to amend that is partly caught up by what sort of arrangement they have with the EU in the future. However, what we would ask for in the Great Repeal Bill/Act is full future parliamentary scrutiny of any changes that might be made. Imagine a hard Brexit scenario where there is no obligation to abide by European law. What we would not want is for a single power inserted in the Great Repeal Act that is essentially saying you can get rid of those habitat regulations because



that would reduce the protection afforded to 80% of our wildlife sites and undermine our ambition to try to restore biodiversity in 25 years, which is the Conservative Government's ambition.

We are pleased that the Great Repeal Bill offers some certainty going forward, but we are also hoping that when there are changes in the future they are subject to full parliamentary scrutiny.

Stephen Trotter: We also welcome the principle of the Repeal Bill, but we recognise that it is a hugely complex and complicated issue and it is not just about saving the legislation. It is also about looking at some of the mechanisms by which the legislation is delivered. Key issues would be how are we going to deal with the precautionary principle that is currently embedded within the European legislation. We need to transpose things like the imperative reasons of overriding public interest in the hierarchy of planning considerations when considering mitigation and compensation.

The issue of accountability and a reference to a higher court is also critical from our perspective. Perhaps it would be useful for Parliament to consider what kind of replacement institutions might be required at a UK level. For example, is there scope for a UK environment court to be established as a place to take issues that are unresolved at a devolved country level? I am aware that works in New Zealand, so is it appropriate here as well. It is important that we must search out key elements of the legislation as we are trawling through the whole transcribed body of legislation post the Bill becoming an Act.

We must be aware of cross-border considerations. For many migrant species or things like newts and bats, and particularly for invasive species, there is a great potential for us to lose the positive impacts of having different European countries taking action on species that may be of interest to the UK, and Ireland for that matter. Preventative measures can take place long before species arrive here so we need to think about how we liaise and co-ordinate with Europe on cross-border issues that may not be reflected in the legislation.

Professor Roberts: I would echo that. I think environmental processes generally, not just wildlife, do not reflect political boundaries, obviously. Whatever the arrangements are for Brexit—and certainly I am not an expert on the detail of that—they need to be tackled collaboratively with Europe. Also I think we need to be very mindful that the implications of some of these things may be counterintuitive. We had a good example there about hard Brexit and soft Brexit leading to different outcomes. I think that certainly from the perspective of environmental science we do not understand what some of these implications would be scientifically and that seems to me to be the precursor to investigating what the legal arrangements should be.

Q116 **Chair:** What do you mean by scientifically?



Professor Roberts: Some of the legislation that may or may not apply in future, let's say we removed some of it, we don't know what some of these implications will be. I am talking particularly about things related more to land management than necessarily to just the narrowly-defined so-called environmental legislation. But there is a very broad set of implications there, which I do not think we understand at all well at the moment.

Q117 **Chair:** What is your best guess of the implications of those decisions on environmental land management and agroecology in particular?

Professor Roberts: I think we would have to look in far more detail at the implications of the common agricultural policy, and that is probably a subject for one of your later questions, I think.

Q118 **Chair:** I think you are right. You mentioned, Professor Gravey—I hope I am pronouncing your name correctly—that the UK's future agricultural environmental policy will have to develop within a set of international constraints from both WTO and the European Union. Can you explain what these constraints are and how they might affect the development of policy?

Dr Gravey: For the World Trade Organisation, we always think about trade and the level of trade tariffs and barriers, but when we talk about agricultural policies there are also rules that every country has to meet in terms of there has to be an agreement on the level of policy support and the type of policy support, whether it is trade distortive or not. That is going to be a decision for the UK Government. They are going to have to negotiate what share of the trade distortive policies they will get from what the EU has right now. That is going to be a potential problem because it is going to be a UK-wide decision and then devolved Administrations will do the policy, so we will need to have some co-ordination there.

Then, of course, the European agricultural policy is still going to matter a lot, because there are direct neighbours, especially for Northern Ireland and the Republic. It is going to be perhaps harder to push for greening of agricultural policy in this country if at the same time the European agricultural policy becomes less green. For the last decades UK civil society has been leading the way in pushing for greening of EU agricultural policy. Without that influence, there is risk that the CAP is going to be less green in the future.

Chair: Thank you. That is very helpful.

Q119 **Caroline Lucas:** I wanted to go back to something that Mr Trotter said about an environmental court. Can you say a little bit more about how that might work and what the precedent was where it has worked before? Presumably one of the big issues about any remaining environmental legislation is how it is properly legally enforced and I would be really interested in knowing about other measures; if we lack the European court to do that, how we would do it.



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Stephen Trotter: I guess the question is how do you develop a system in which you can have accountability across the UK that complies with UK-wide legislation. That is an area that needs to be worked up and scrutinised quite closely but, as I understand it, it would be quite possible to establish a new approach to developing accountability within the UK for environmental issues. In answer to your question, I think it needs to be looked at more closely. My understanding is that in New Zealand they have effectively established that system and it works rather well. I can't add any further detail to that, I am afraid.

Martin Harper: One example of what the European Court of Justice can do, as opposed to the Supreme Court, is it can operate on a slightly broader basis than, for example, our judiciary that is following due process through the judicial review and judicial challenge process. For example, the European Court determined that all important bird areas, as identified through BirdLife International, should qualify for a special protection area under the Birds Directive. They made that judgment based on assessment of the information. As I understand it, that would not be the purview of the current Supreme Court. I think it might be quite an interesting exercise to try to properly determine what the Supreme Court will not be able to do that the European Court of Justice currently does and then it is for Government to determine whether they do or they do not want to have those measures in place.

Q120 **Caroline Lucas:** That sounds pretty vital. Has anyone done that?

Martin Harper: I spoke to our lawyers this morning on this very subject and they are consulting a QC to try to come up with some evidence. We may be able to put up a supplementary but perhaps others can—

Dr Gravey: On that point, also one of the things is that the Great Repeal Bill does not carry over that jurisprudence from the European Court of Justice. You could have then the Supreme Court having a different interpretation of that same legislation once it is UK legislation.

Chair: Thank you. That is very helpful.

Q121 **John Mc Nally:** I would like to move on a bit on to devolved matters. Previous inquiries into EU legislation highlighted that the EU provides a framework within the UK devolved Governments and they have developed different approaches, as you know, towards achieving common environmental objectives. Are there any areas where you think we would benefit from greater co-ordination between the devolved Administrations and the UK Government once this framework is removed? Is there a danger that the devolved Administrations will be forced to take things that they don't want, such as GM crops, if the powers are removed or taken back from Scotland and the other devolved nations?

Professor Roberts: Short answer: yes.

John Mc Nally: They could be taken back?



Professor Roberts: I would imagine so, yes.

Martin Harper: The issue to work out is where common standards are appropriate and where they are necessary. Clearly we operate within the United Kingdom with wildlife moving around and water moving around. I think the judgment is: do we want to maintain common standards and approaches? As I understand it, the legality around this is quite challenging in that in order for Scotland, for example, to erase all of the *acquis* from European law, they would have to amend the Scotland Act, and of course that would be subject to the Sewel convention that was established after the independence referendum. There are some processes they would have to follow and there would need to be some discussions.

When it comes to something like agriculture: do we want to have a UK framework or not? Currently within Scottish law, for example, most of the powers are devolved rather than reserved, so there would again have to be changes to the Scotland Act—I understand schedule 5—in order for agriculture to have a common UK framework, which may be desirable because clearly we would be trading within the United Kingdom.

Dr Gravey: I think there is a lot of divergence right now within the UK. It would be very odd that this referendum would lead to less divergence because there are very different types of agriculture in Wales, Scotland, Northern Ireland and England and it is normal that you have different policies for the different agriculture. For example, you have a much bigger focus on agri-environmental climate payments in England compared to Scotland where it is much more about areas of high nature value in the Highlands, and that is normal and it should remain. There is then no reason why you would have a UK-wide policy. That should normally be left to the devolved Administrations.

But there is definitely a question about how much co-ordination you need. As I mentioned on the World Trade Organisation, as you have the external discussion on agricultural policy that will be done by the UK Government and the internal policies by the devolved Administrations, you will need some kind of co-ordination so that the devolved Administrations are not prevented from doing what they want by the position taken by the UK Government internationally.

Q122 **Chair:** Just to be clear, there would be this need to amend the Scotland Act on the provisions—

Martin Harper: On the Great Repeal Bill, as we understand it, the Scotland Act currently essentially assumes all European law. In order for the Great Repeal Bill to bank all EU law, there would have to be changes to the Scotland Act. That would have to be subject to discussions between central government and the devolveds through the Sewel convention for Scotland, one assumes, given the fact that Scottish voters were remain member by and large, to bank all of the *acquis* of European law. Specifically regarding agriculture, because the current common



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framework is set at a European level, which the four countries then abide by, all other matters are devolved. If you take away that top level then you can't have a UK framework without amendment to the Scotland Act, for example.

Q123 John Mc Nally: I am very happy with that. It has raised an awful lot of thoughts, I think, undoubtedly. The acquis that you mentioned, is that the acquis communautaire that you were speaking of?

Martin Harper: It is just the body of law, yes.

John Mc Nally: That is quite large as well. Thanks very much.

Q124 Peter Aldous: Just for the record, I am a partner in a family farm in East Anglia. If we can just look at the pros and cons of the existing funding arrangements: to what extent does current environmental land use management rely on EU funding and legislation? Can we perhaps try to quantify what proportion of total UK diversity spend comes from these schemes?

Stephen Trotter: In terms of overview, it has been incredibly important. The European funding has been vital to the delivery of the whole biodiversity and environmental objectives over the decades. In terms of a proportion of spend, clearly the agri-environment schemes take £400 million, £500 million per year out of the total budget of 3.1. That is roughly the proportion, although obviously a little bit more of Pillar 1 will be spent on greening and environmental issues as well, so it is not the total figure. It is quite hard to put a figure on that, but it has provided huge benefits for key nature conservation sites and also helping farmers and landowners to improve the wider landscape for biodiversity in a range of things from low level interventions like hedge planting and field boundaries right the way through to quite intensive management on key sites, on SSSIs and key wildlife sites. So it has been a really important element of the activity of everybody within the land management sector to make it happen.

Martin Harper: I think our understanding is that the current cost associated with meeting our environmental commitments is something like £2 billion a year and that currently our overall spending on these issues is less than half of that. Agri-environment makes up about 50% of the current spend but current public spending on biodiversity, for example, has gone down 26% over the last five years, according to the Office of National Statistics. The bottom line is that the need is greater than we currently provide for through existing spend and agri-environment makes up a large percentage of that. When we think about going forward, again referring back to the current Government's commitment to restore biodiversity, we are going to have to think about how do we build on existing schemes and supplement anything that might be lost.

Q125 Peter Aldous: You have touched on the next point I was going to come on to. Can we just bore down a little bit and identify what are the



strengths of the existing environmental funding under CAP and related schemes and how we might retain those strengths, but also what are the weaknesses and how we should be addressing those weaknesses?

Martin Harper: Over the last 24 years since we have had agri-environment schemes through the common agricultural policy and the extra few years we had applied it within England, I think we have learnt that well designed, well targeted schemes that are tailored to the geographical area, which are supported by good advice, work. They have driven the recovery of threatened species like the curlew where we have worked with 200 farmers and helped to restore habitat across about 10,000 hectares. We know that the scheme design as it is currently can deliver good things. We also know, particularly through experience of the entry level scheme that was an English scheme under the last round, that it was not delivering perhaps the value for money in delivering the environmental good we would like.

Moving forward, it would be worth us thinking about how do we ensure we design new support schemes for farmers who do good things for the environment, that are tailored to those areas, perhaps losing some of the administrative burdens that we have had to inherit through the common agricultural policy. It is an opportunity to think afresh.

Professor Roberts: I would like to broaden that out away from just species. There are opportunities after Brexit to design schemes that do more, for example, for soil protection. Some is done, as Mr Harper said, in relation to water, reducing contamination, and in well targeted schemes that has worked. But things like carbon sequestration, for example, I think are not addressed very well at the moment. Again, I am pressing for us to be taking a more integrated approach to all elements of the environment, not species singly. I made the point earlier about things sometimes being counterintuitive and having unforeseen consequences, and I think we need to be very mindful about the potential for removing some schemes that might have spinoff implications elsewhere that we have not begun to understand yet.

Dr Gravey: I think what we have here is an opportunity to decide again what is the environmental baseline in the UK, what is the level of environmental stewardship you expect farmers to just do, and if it goes below that then the pollutant pays principle applies. If we want to go above, we have a provider gets principle. Then you have regulation to maintain that environmental baseline and voluntary contracts to go above. This is a great opportunity to do it and we have to make sure that the same kind of environmental baseline applies all across the UK.

Stephen Trotter: I would agree with that. The schemes set up at the moment enable everybody to be part of the arrangements and also cost compliance applies to everybody. There is a big risk that post-CAP arrangements may not pick up all land managers and farmers and landowners, so we need to think about how we apply those standards evenly across the board.



Q126 Chair: As a quick supplementary, can I ask particularly Mr Harper and Mr Trotter? The CAP payments are guaranteed under Pillar 1 but not under Pillar 2 for the nature payment schemes. Are you picking up anything on the ground about problems with that? I am sure we will ask our second panel the same question.

Martin Harper: I think the picture is becoming clearer. Our understanding is that certainly people entering into five-year schemes now, prior to the autumn statement and we understand up until Brexit, will have those schemes confirmed. I think it would be a really good question for Treasury, if you are able to call them, to get that on the public record. My understanding is the take-up of the higher level countryside stewardship scheme in England at the moment is quite high, which is great. Even though they might have been concerned about what the future may bring, they are still wanting to do good things for the environment. I think the Treasury announcements have been useful but there is a little bit of ambiguity about what happens if you enter into a scheme one week before we actually leave the European Union. Do you end up getting your five-year scheme fulfilled for that period of time or not? That is the bit we have not quite got certainty on yet.

Q127 Chair: Isn't the question though that they are not guaranteeing any of these high level schemes after the autumn statement?

Martin Harper: That has changed since the Chancellor's announcement, I believe, at the Conservative Party conference last Saturday but we have not managed to bottom that out completely.

Stephen Trotter: There is a major worry about those farmers and landowners who are in high level stewardship whose agreements finish within the next two or three years being able to get into new stewardship schemes. We are aware of some issues in certain parts of the country with thresholds being changed, which makes it harder for people to transfer. The overall risk is that after decades of public investment, we are putting at risk those benefits and the progress that has been made in the various schemes, so we are quite concerned about it. Certainly the numbers of people getting into the new stewardship scheme seem to be very much fewer than were in HLS. There is a potential issue brewing there, I think, about safeguarding the public investment in the countryside and landscape over the last few decades.

Chair: Thank you. I am sure we will look at that in quite a lot depth.

Q128 Caroline Lucas: I wanted to come back to the whole issue of public funding, not least because I don't suppose we will have £350 million a day to be putting into farming or anything else. In terms of making the business case for some substantial public funding for environmental land management objectives, what do you think the strongest argument one could make to Treasury would be to get them to listen?

Stephen Trotter: I think it is about recognising the benefits that farming and land management can bring to the wider public. It is not just about



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food. Food is clearly important but there are other benefits that land management can provide, whether it is healthy soils, clean water, carbon storage, biodiversity, good public access so that people can enjoy and appreciate the countryside. I think all of these things are important and they are not necessarily funded by the market. Whether or not it fails, I think it is really important the public supports those areas that it can benefit from and benefits everyone.

Q129 Caroline Lucas: Is there good analysis already done that would be able to put a price tag on those public benefits to make the case?

Stephen Trotter: I think there has been some excellent work by the Natural Capital Committee, which is starting to do that. That work needs to continue and be developed.

Martin Harper: To a certain extent, the Treasury has its own Green Book that sets out the rules where it can have public intervention and support. They specify two areas: where there is market failure or where there are clear Government distribution objectives that need to be met. For example, polluted water or lost biodiversity perhaps would fall into that first category of market failure. The mantra that we have used over the last 15 years or so is public money for the public good. So what does that mean? Economists have a view about that. It is things that all people can have access to and if one person has access to them that is not diluted to the next person. Things like an attractive countryside rich in wildlife is a public good that everyone can benefit from, whereas food is not. It is essentially one person or one business can benefit from it, so the differentiation of the two is quite important. I think the Treasury has the guidance and we hope that it allows us to have much of the £3 billion a year going back into the countryside to support these objectives.

Dr Gravey: I think it is also about sustaining agricultural production in the future. When you think about soils and biodiversity, it is not just about the impact on nature right now. It is about making sure that you can still farm in the UK in the future as well. I think that is a good economic argument.

Professor Roberts: There is a Defra 2013 "Payments for Ecosystem Services: Best Practice Guide" that I think is quite helpful. There are also, as I am sure people are aware, examples of payments for ecosystem services entirely within the private sector. For example, there is the South West Water's Upstream Thinking initiative, which for those of you who don't know is water companies paying farmers to maintain water quality, reducing the need for treatment later on, which is a good principle to have for managing systems as a whole. I would echo what the other speakers have said about the need to take a holistic approach to public goods, think broadly about what those public goods are. I am not quite so convinced about some of the economic arguments that have been put forward in the past.

Q130 Caroline Lucas: You don't think they are very rigorous or—



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Professor Roberts: I think that public good is a very difficult thing to quantify and it is necessary to take a somewhat relaxed view about what the boundaries around public good might be, I am afraid, and that does not suit economists.

Q131 **Caroline Lucas:** I am coming back to public-private in a second, but I had a question to Dr Gravey initially. I think you said that the UK has been an advocate of increasing the proportion of the agricultural subsidy going to environmental goods but at the same time the Government acknowledges that they want to move towards a sector that is not reliant on subsidy. How compatible do you think those two objectives are?

Dr Gravey: The UK pushing for CAP reform has had two streams: first, reducing the budget, second, that the share of greening should go up. But has been quite apparent that reducing the budget was more important than making it greener. For example, although the UK has been a leader in agri-environmental schemes, in the 2000 to 2006 period there was more money spent in the Republic of Ireland on rural development than across all of the UK. There has always been a kind of mixed message of greening is important but especially putting money into the EU budget was quite critical. Now the question is: was the main problem the fact that it was giving money to Europe or giving money to agriculture? As a discussion in UK policy, are we going to be able to separate the two because it is not going to be European money anymore. It is just going to be UK. But there definitely is a tension in how it is going to be resolved. It also might be resolved very differently across the devolved Administrations.

Q132 **Caroline Lucas:** In terms of the best evidence that might be useful in determining the scale of the funding needed to finance an effective agri-environment policy for the UK—Martin you were saying £2 billion a moment ago—what is the best figure to use? To the extent that existing funding does not meet it, how would we try to prioritise within that?

Martin Harper: The costings that I cited are a little old. They are a few years out of date and they don't necessarily reflect all the commitments that the Government have.

Q133 **Caroline Lucas:** Where did they come from?

Martin Harper: From Defra. They will be Defra figures, yes. I think one of the challenges back is in the development of the UK Government's plan for the environment, which is to restore it in 25 years. There was a costings element to that: how much is that going to cost and, therefore, how do you design new schemes, whether it is through an agriculture and land use policy or something else, that provide the incentives to make that happen? In the absence of that then you are reliant on regulatory standards or voluntary mechanisms or markets, and our experience is that you need the right mix of all of them. I think you have put a spotlight on a gap in our current understanding of what is the mismatch



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between ambition and available resource and we need to explore that in more detail.

Q134 **Caroline Lucas:** We need to explore that in more detail. Do you think there is something that Parliament could be doing on that?

Martin Harper: We have done it. Every five, six, seven years that exercise gets done, so I think it is a piece of work that can be done. It could be done by Parliament or it could be commissioned to Natural England or whatever.

Q135 **Caroline Lucas:** One more specific question to you. In your evidence you were talking about the importance of having trusted and qualified advisers as part of this whole funding programme. How would you get the balance between how much money you are putting into that versus how much is on the front line?

Martin Harper: There has been a debate that we have every single time there has been a CAP review and redesign of agri-environment. Defra did a review of agri-environment performance in the run-up to developing its new countryside stewardship scheme. What they concluded was all of the evidence suggests that all of the successful schemes—and a lot of them were in relation to species but some in relation to big land management—happened due to the combination of good farmers, good schemes and the advice. In fact, there were not good examples of where it happened without the advice. As the schemes have become more complicated, the need for the advice has probably grown. If we were able to design schemes that make it straight forward for land managers, then you could argue that the advisory component would be reduced. But I think the advice, from our point of view, becomes part of that package.

Q136 **Chair:** Just before we wrap up on that, what is the percentage of the EU budget that is spent on CAP now?

Dr Gravey: 40%.

Q137 **Zac Goldsmith:** One of the areas where there is most agreement between environmental groups and farming groups is the fairly vague principle that when we invest public subsidies into farming there needs to be some kind of return. Public good is the phrase that is used over and over again, but it can mean a lot of different things. I would be interested to know, very briefly if you could, from each of you what you understand by that concept.

Martin Harper: I will use the economists' definition because it is quite helpful. It is non-rival or non-excludable. What does that mean? It reinforces what I was saying earlier that if you take a farm, it provides food and it provides a beautiful landscape. The beautiful landscape is accessible to everybody and, therefore, you are not excluding anyone, whereas that food you only trade to your supermarket or you trade it in a local farm shop. That is only going to one person, therefore you have excluded some. A public good is something like a beautiful landscape and



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it is also non-rival because just because I enjoy the beautiful landscape does not diminish the beauty and enjoyment of someone else, whereas if I take some food off a farmer then I am diminishing the amount of food available to someone else. That is how the economists—

Q138 **Zac Goldsmith:** I was not going to get too much into this, but the food security element that is provided by our farmers, is that a public good?

Martin Harper: It depends what you mean by food security.

Q139 **Zac Goldsmith:** The ability of the country to produce food for people. We are never going to be totally self-sufficient or we will end up like North Korea, but food security is an issue and part of that comes from being able to grow and produce food.

Martin Harper: It is an absolutely justifiable public policy objective of the way described to ensure that the future of our farming remains sustainable, that we need to produce food. That would be a public policy objective. The question then is: how do you support that? The question is whether a payment system is the right way of supporting that.

Q140 **Zac Goldsmith:** I am not going to ask everyone to repeat what has already been said but if you want to add to that, I would be interested to hear, please.

Professor Roberts: From an environmental science perspective we tend to think about four areas here. The first one would be provisioning services, so food, water, timber, fibre, those kind of things. The second group would be services provided that regulate, for example the maintenance of air quality or climate change or flood risk, those areas. The third would be cultural; you mentioned access, recreation, tourism, cultural development even, right through to environmental art and poetry or whatever. The fourth area, which I think we are often in danger of forgetting, is the supporting of underlying functions such as the soil formation and nutrient cycling and those kind of things. Those are also, to my mind, very important public goods. We talked about the 25-year time horizon. For some of those that is not nearly long enough but we at least need to be aware that it is the long-term perspective. The public good includes those supporting services that are generating new soils, recycling nutrients and so on.

Stephen Trotter: It is basically what supports our society and the life systems that support our society and our lives as individuals. It is the whole lot.

Dr Gravey: What I would like to add is that public good is also a very political concept. For example, you saw in the last round of CAP reform there was a strong message that we should reform the CAP to get public money for public good, and that was taken up by the agricultural sector as, "We should keep the CAP because we are providing public money for public good". How you see the type of public good is highly political and it is not just about food security or the environment. It is also about



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perhaps maintaining farmers on the land in not so well developed areas of the UK where there is not many jobs available; is this a public good? You will have funding especially in parts of Scotland and Wales, and this is considered in Scotland or Wales perhaps as public good and would not be in England.

- Q141 **Zac Goldsmith:** In this country you could not say the CAP is there to keep people on the land, because the employment levels in our agriculture have been going down considerably over the years. I am assuming that no one here today on the panel would maintain that CAP monies deliver a public good. Part of them do, of course, the bits that you have been focusing on already, but no one could pretend, I am assuming, that the CAP as a whole is used in such a way that it delivers a public or environmental good.

Dr Gravey: There has been the case made across the UK many times that the CAP is not very positive on the environment, but in Scotland you do have a lot of funding for areas of natural constraints to help farmers stay farming in these areas. Not in England and Wales but in Scotland and Northern Ireland you do.

- Q142 **Zac Goldsmith:** In your vision of CAP reform or CAP repatriation, you envisage all of the CAP funds in time being transitioned so that they are all pegged towards delivering some kind of public good. That, presumably, is the goal that unites all of you?

Martin Harper: I think it is an opportunity to establish new agricultural and land use policy across the UK, either within a UK framework or four times separately. What you have is an opportunity to set what your objectives are. At the moment, as you have implied, the existing Pillar 1 of the CAP has no policy objective, so people can interpret it as they see fit. So there is an opportunity to get the policy clear: what it is we are trying to achieve. We would argue that a thriving and long-term sustainable farming system needs to go alongside an improved farmed environment and then to a certain extent you say, "How do you achieve that through the combination of market and incentives and regulation?" It is getting that balance right. We would argue that the case for financial support for delivering improved farmed environment is very clear. The case for doing something else is less clear.

- Q143 **Zac Goldsmith:** There is a sense of gloom around the environment in the context of Brexit, but if we get Brexit right would you not agree that this represents the biggest opportunity of all environmentally and if we get CAP repatriation right, if we set the formula correctly, this could be a bonanza for the environment? Do you agree with that? You don't have to use that word.

Stephen Trotter: I completely agree. There is a massive opportunity to address some issues.

- Q144 **Zac Goldsmith:** I think it is the next panel we are going to be talking to about outcomes and so on, but I am interested in knowing how easy you



think it would be to define those public goods in such a way that the money does deliver what we want. How complex will that be and how difficult will it be to create a consensus around defining public goods and creating a formula that delivers?

Professor Roberts: Can I come back to the point about maintaining farmers on the land, for example, in Scotland? To me, that is an example of a cultural service. If we decide that that is what we want to have then we can shift things accordingly but those cultural services, as was said earlier, are very much politically defined. The others are less so. Supporting services, if you want to maintain soil formation and nutrient cycling, there is a fairly obvious scientific case for how you do that and it could be costed and so on. The cultural services are much more difficult, but there is an opportunity.

Q145 **Zac Goldsmith:** I absolutely take your point. Can I go to the point about defining public goods? How should Government go about defining public goods, creating a formula that creates that link between the funding and delivery of those goods, and how complex is that going to be?

Martin Harper: As I think was mentioned earlier, we are developing this concept of natural capital and natural capital accounts. Within England it looks like the Government are quite interested in the idea of creating these area environment plans where, to my mind, what that will mean is you will work out how you optimise the value for that land and meet some of the big political objectives that it has around restoring biodiversity. If you start planning what you need at an area level and then if you have funding schemes, which are perhaps devolved to that area level, they can be targeted to deliver the benefit, whether it is natural flood management, which is good for the farmers, good for the downstream communities and probably more healthy for the river system. I think deeply understanding the assets you have got at an area level and then lining up the slot machine of incentives and people is essential.

Q146 **Zac Goldsmith:** What I am trying to understand is if you take the country as a whole, you are going to have areas where there is going to be a particular value associated with managing land in a way that prevents floods, you are going to have other areas—every part of the country is going to have a different environmental imperative. Is it possible to have a national formula that is created by Government that creates that link between the funding and the public good, or do you have to do it on a much more regionalised basis?

Stephen Trotter: I suspect you could have a fairly loose national framework but you would need to have the involvement of local communities to determine the requirements in their local catchment. You need to identify your assets and then work with local communities to identify what your priorities are and make sure that everything is aligned, whether it is incentives, markets or regulation, to deliver those things.



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Q147 **Zac Goldsmith:** This probably is more appropriate for the next panel but I am going to ask you anyway. If you simply removed all subsidies, full stop, there is no doubt that a large number of farmers would go out of business. The question is: how possible will it be to strike the right balance between providing support for an industry that would otherwise collapse but also delivering the public good? Somewhere between those two not necessarily opposites—maybe they shouldn't be opposites but at present they are—there is a balance to be struck. How hard will that be?

Dr Gravey: It is going to be especially hard because there is a huge lack of administrative capacity. You have had two-thirds of the staff in Defra go over the last 10 years, cuts across the board, also problems with individual registration. These are going to be huge challenges on Government and it is a question of whether there is enough people working there to be able to strike that balance and we don't know. Of course there is going to be pressure about reducing the amount of funding and perhaps gearing agriculture to a certain direction. It is going to be very difficult and it will have to be not decided on any one day. It will take a long, long time.

Stephen Trotter: Transitional arrangements will be absolutely vital and we need long transitional arrangements that enable businesses and individuals to plan effectively so we avoid the hard fall that you described. Businesses need time to plan and prepare.

Professor Roberts: The term "subsidy" is very difficult as well. I would personally prefer to see the term "investment" because it alters the mind-set when you approach it. Most people can understand the value that an investment is supposed to yield some kind of return and I think that is a helpful concept.

Q148 **Zac Goldsmith:** That only works if you have the right formula in terms of public good, but, yes.

Professor Roberts: Indeed, but to start even thinking in that way I think would be very helpful.

Q149 **Zac Goldsmith:** Dr Gravey, in the evidence that you sent us you specifically mention the need for compulsory as well as voluntary agri-environmental schemes. Are you talking about on one level a basic minimum set of requirements and standards and then optional extras that farmers could choose to opt into with a view to improving the environment and boosting their income? Is that what you mean?

Dr Gravey: Yes. It is the idea of having a baseline backed by regulation and we have had lots of problem with cost compliance in the CAP. It is quite unwieldy and there is also the fact that there is perhaps 1% of farms that get checked every year, so that means it is very easy to get away with not applying the standards. We need to make sure that every farmer across the UK meets basic regulatory standards, that is at its baseline, and farmers that want to go further then will get funding to go further.



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Q150 **Zac Goldsmith:** What happens to farms that are found to be in breach of the standards?

Dr Gravey: You could have fines and depending on—

Zac Goldsmith: Today, currently, the 1% who are inspected.

Dr Gravey: It is very hard. It is very infrequent and, of course, depending on how bad the breach is, you can just be told to fix it or you can have fines. The change that was made with the 2013 CAP reform was to have part of the single payment basic subsidy to be green payment and then the idea that if farmers were in breach of these all of the single payment could be removed. It was a much higher share of funding that could be removed.

Q151 **Mr Peter Lilley:** The RSPB and Wildlife Trusts, in their written evidence, both advocated landscape scale approach. Could you spell out what this means in concrete terms? Who would do what to whom and how?

Martin Harper: It is a shorthand for an ecological principle about how do you deliver most for wildlife across the scale and it is rooted in science going back to people like Jared Diamond and Simberloff in the 1970s. Then it got captured in political imagination under Professor Sir John Lawton who talked about the need for more, bigger, better, joined-up countryside, starting from the point of protected areas. What does that mean? It means that if you want to get the most for your wildlife you need to start with where the wildlife is and perhaps some of the natural or semi-natural habitats that we have that are often protected. You need to work out from that in trying to buffer them, join them up, connect them up, and what we then say across the landscape scale. It is a shorthand to describe that thinking about how do you deliver more for wildlife and that means you need to co-operate across landholding. All the experience and examples when we—and I am sure Steve would say—have delivered great results is when we have co-operated beyond either our nature reserve boundaries with neighbouring farmers or with big institutional owners like water companies. That is when you can deliver big changes at scale that deliver good things for wildlife and good things that the other businesses want.

Q152 **Mr Peter Lilley:** So it is about wildlife rather than landscape?

Martin Harper: You can make a judgment about landscape and aesthetics. As a charity, we focus on the wildlife bit, but it really means delivering at scale large areas better managed for wildlife with the protected areas at their heart.

Q153 **Mr Peter Lilley:** Does someone else want to come in, particularly to try to tell me who is doing what to whom?

Stephen Trotter: It is not really about who is doing what to whom. It is about collaboration. It is about recognising that in a landscape, it is a landscape scale, species will move around and need to move around in order to maintain their population. So it is about the scale at which you



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operate. Just working at a scale of a field is not relevant, perhaps, to populations of species that exist on that landscape. It is working together across boundaries to make sure that the actions we take are joined up and consistent. It is about encouraging people to work together, essentially, to deliver shared objectives.

Q154 **Mr Peter Lilley:** Does it mean someone has the power to say, "You must have a wood here, you must have no grazing there"?

Stephen Trotter: No.

Q155 **Mr Peter Lilley:** What does it mean?

Stephen Trotter: It is about encouraging people within that landscape to perhaps consider putting a wood there if they have the option to do that. It is about making sure that people are working to a common plan for an area. It goes back to this idea that we talked about a moment ago about having local priorities determined locally and then making sure that people are working together to deliver them. It might involve the right type of woods in the right places but it is a voluntary approach to encourage people to do the right thing.

Q156 **Mr Peter Lilley:** If it is voluntary, why can't we do it now?

Martin Harper: We have recently, through the agri-environment system, created what is called a facilitation fund whereby land owners can come together and bid for some resource to help them work out their plans for their big area. They are then provided with the incentives through agri-environment to do good things on their farm. The Government introduced this idea of nature improvement areas in 2012 and what they paid for was some money to get people together to say what they want to achieve in this landscape and then they said, "How do we get the funds to make that happen?" It is local leadership or facilitation, lots of landowners coming together, "How can we do things better?" and then trying to be supportive to make that happen. We are learning how to do it and I think it is a really useful area for the inquiry to focus on.

Dr Gravey: One of the areas where it is done already is through the Water Framework Directive working at water catchment level. What is quite interesting in that is there is water catchment between Northern Ireland and Ireland, so we will have to have this kind of collaboration as well across borders in the future within the UK.

Professor Roberts: There is a distinguished tradition of catchment management plans in the UK, less well articulated now than they were a few years ago, I think, but to me catchments are the obvious area to use, the obvious boundaries. You need some kind of boundaries. As a scientist, those are the boundaries for flows, for determining the direction of flows, and I think those are the good boundaries still. A lot of the basic work for those has already been done, not only in relation to the management of water but other ecosystem purposes as well.



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Q157 Mr Peter Lilley: In practice there would be some organisation, in your vision, catchment area by catchment area, which somehow would then encourage and facilitate people who co-operate voluntarily and dish out some money. There was a specific reference to reducing grazing somewhere I saw in the briefing. I don't know whether that came under landscape management but presumably if you—

Professor Roberts: This is upstream, do you mean? Upland grazing?

Mr Peter Lilley: Hills and things. Wherever they graze but people do not want them to graze. That struck me as a bit difficult for the farmers concerned if they had to cease to graze unless you pay people not to do things.

Stephen Trotter: But the landscape scale approach allows you to do that because you are looking at what are the influences on that particular catchment and if it is overgrazing in one particular part of the catchment, it is creating soil erosion, soil problems further downstream, you can then take a more integrated approach. It may be that you do exactly what you just suggested; that you pay farmers in a particular part of the catchment to do something or not to do something.

Q158 Mr Peter Lilley: What happens if there is an area where it has just happened already naturally because there have been organised shoots there, organised way for all the pheasants to move from one part of the territory to another part of the territory? I imagine other creatures followed suit. So if it has all be done they get no money.

Stephen Trotter: It depends how the scheme has been designed and how they put their idea. For a lot of land management and conservation management you need continuity and you need to continue managing places in the way that you are managing to accrue the wider benefits, so it may involve ongoing payments.

Martin Harper: In Cumbria at the moment they are trying to work out how they can act together to try to reduce flooding and to deliver some other good things. There is this thing called a Cumbria Partnership that Rory Stewart, the previous Environment Minister, established and trying to get to the heart of some of these questions and getting people around saying, "You have all got different views and different needs" and it was clear from the floods of last winter that there were some issues within the catchment, which were accelerating downstream flooding. The people who were getting flooded did not like that. The question is: how do you open up a conversation that says, "We would like to reduce downstream flooding through changes in grazing and compression" and things like that? That is difficult territory because it is cutting across private individual's landholding but if you can provide the right incentive that will change. If they are providing it off their own back then you could argue they ought to be rewarded because they are providing a public service.

Q159 Mr Peter Lilley: Finally, the administration of existing funding schemes has been widely criticised for its complexity. How complex would a



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landscape level approach be to administer and what confidence can we have that the Government have the capacity to manage it?

Martin Harper: There has been a loss of capacity in terms of government agencies over the last few years, however the Government are trying these pathfinder projects. There is one in Cumbria and there is one in Manchester, North Devon, I believe one in the marine environment. Through that process they will learn what they need to try to join things up. Caroline was talking about the need to integrate the different things you would want from the environment to allow people to carry on making a living. Through these projects we are going to work out what sort of capacity we need and we are going to have to make sure that our land use system for farming and forestry is more closely aligned to our land use planning system in terms of where we do development. That requires those who have had expertise about the environment to have more of a greater say in some of our big development decisions.

Professor Roberts: It is probably worth saying the Environment Agency too has had reductions in staffing as well as Defra. In terms of catchment management plans they were instrumental. Whether that capability remains I am not sure now.

Q160 **Peter Aldous:** I want to look at what is success, in environmental terms, and how is it measured. How do you feel that success of future environmental land management schemes should be measured, both the country as a whole and at a local level in order to allocate funding?

Martin Harper: The UK Government have signed up to some big international agreements, whether it is sustainable development goals or the biodiversity targets agreed in Nagoya in 2010. They had some specific targets that relate to health of most important sites, restoring wildlife in a big area scale and preventing the extinction of various species and encouraging their recovery. That then gets transposed currently into the England biodiversity strategy, which this Government introduced in 2012.

So they have some very top line objectives. I am speaking from the point of view of biodiversity but there will be others that relate to water. So it goes back to Mr Goldsmith's point about what sort of framework do you need at a national level. You need to have very clear specific measurable outcomes that you, as a nation, are aiming to achieve. It would then make sense—if you follow the model I was describing—you broke them down to an area level. If you broke them down to an area level you could then make some judgments about which schemes you then support. Success would be done in that way.

In terms of the actual impact of agri-environment schemes—and I know you might be talking about payment by results—you need to work out, based on experience, what are the no regrets measures you need to put in place on a farm. For example, creating habitat to allow the wildlife population to flourish. You want that habitat to be in place. It might be



that the farmer puts that habitat in place and the birds do not come, so it would be a bit harsh to penalise the farmer when the birds do not come when they have done everything right. You might want to create some approximate reasons for success and then clearly through some sort of compliance and enforcement regime the light touch is deemed to be appropriate. One ensures that any payment, which is designed to create that habitat, has happened on the farm. Then hopefully the wildlife will come.

Stephen Trotter: Absolutely, you need to essentially replicate the outcomes that Martin just described at a national level and at a local level. We need to invest in the science of how we measure success of these solutions so that we can build the evidence base to assess the effectiveness in the future. So we have some fact but not enough so we do have to develop the science and the understanding.

The pioneer projects that have been mentioned are a great opportunity to use that to look at how much of capital mechanisms can be used to develop new markets and to develop new ways of approaching these things that offer great promise.

In addition to what Martin said, science and developing the evidence base is absolutely critical. We have some of that from existing schemes but we need to go further.

Dr Gravey: Just in terms of if success is meeting the international guidelines, we know there are some international treaties and lots of environmental areas but in some areas it is currently EU law, so the question is now making sure that the Government does not move the goalposts to perhaps make it easier to meet the guidelines by rolling them back.

Q161 **Peter Aldous:** Is there a challenge in the timescale on which we judge success? Mr Harper, you were just referring to a farmer laying down a particular landscape and no wildlife coming to it. It may not come to it in a year's time but it might be there in three to five years' time. How do we address that particular conundrum?

Martin Harper: It depends what habitat you are creating. Creating a mature woodland takes much longer than restoring a reed bed, which you might be able to do in 15 years. Building on what Steve Trotter said, whereby all of the existing prescriptions within current agri-environment are tested by science. Therefore, what you are putting into your scheme design management prescriptions that we know work because we have proven it. If we carry on that link between good science and good prescriptions in future schemes then we will have confidence, it will do good things.

Q162 **Peter Aldous:** Any thoughts on the monitoring arrangements that we should be putting in place for future environmental and management schemes?



Stephen Trotter: Whether it is a shift towards the agreement holders of the delivery services to demonstrate the impacts of management. There is a real scope to do more of that. So if a catchment is commissioning a group of farmers to deliver a service it is quite reasonable to deliver up a service to demonstrate that they delivered that service.

Dr Gravey: On the very opposite end, there are questions about whether it would be valuable for the UK to remain a member of the European Environment Agency, to still be able to share into all that information sharing between the member states, good practices, to see what works in other countries and in the UK as well. But that would require an active decision by the Government to do so.

Professor Roberts: Can I just add something to that? The other thing I would add to this discussion is that the separation of rural areas from urban is not very helpful either in this instance because we are looking at overall environmental improvement. The catchment example about flooding demonstrates that very well, but we cannot just take some arbitrary area of urban and say it is not relevant to the discussion about environment. It has to be relevant and in terms of cultural services is probably more so, certainly to most people.

Q163 **Kerry McCarthy:** Can I ask about rewilding? A starting point: what do you mean by "rewilding"? But to what extent it is desirable. Also, what should drive it? Should it be where there are concerns about the existing land use being unsustainable or damaging or economically unviable or should it be driven by the need for conservation by diversity, the more positive environmental objectives? Let's start with Steve seeing as he submitted written evidence on this.

Stephen Trotter: Clearly the potential changes, post the referendum, the structure of the UK agricultural industry are going to present some opportunities and space for new approaches. You are absolutely right that defining the term "rewilding" is of the utmost importance because it means different things to lots of different people. We need to be clear about the definition and the approach being proposed, whether it is about restoring protocol processes, which we would be very support of. Whether it is about reintroduction of use of previously native species that have been lost or management or non-intervention, or a combination of those.

In the Wildlife Trusts we want to avoid abandonment but we do not think rewilding is about abandonment at all. We are very supportive and very active in arranging habitats, trying to restore natural processes and very positive about appropriate species for introductions where they are appropriate to a landscape and the management objectives for those areas.

We are very supportive of managed rewilding, so there are some good examples of that taking place around the country. Knepp Castle in Sussex is a classic example, or Ennerdale in Cumbria. You only have to go and



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visit those places to see the benefits that they can bring in terms of their biodiversity and the excitement that people feel when they go visit these places.

We live in a very small island and we have lots of demands on our landscape so we have to be quite careful about choosing where we do these things. A lot of it will be driven by individual landowners and their preferences.

Q164 Kerry McCarthy: Do you think that should be the approach that landowners or organisations like the RSPB buy in sites or do you think there should be a public policy approach?

Stephen Trotter: Ultimately it has to be a voluntary approach but it would be great if the public policy could support those that wanted to explore and experiment with these new approaches. I suspect that generally speaking, from our perspective, this is about making our landscapes wilder. Whether it is rewilding or not is another matter, but there are many ways we can push all of our landscapes further towards the wilder status and by doing that we can improve biodiversity and the landscapes that people are living in for their health and wellbeing.

We are very keen on the beaver reintroduction; Wildlife Trusts have been involved in that quite heavily in Scotland and in Devon. It is gradually reintroducing species and making places wild is important. Looking at the freshwater environment, there have been huge amounts of work by Wildlife Trusts and Rivers Trusts and the Environment Agency and others to put back rivers into the state in which they were originally flowing. Whether it is individual soil scale or a fresh water scale or poor landscape scale we can do things to push our landscapes down into the wilder end of the spectrum and that would bring benefits. It is not necessarily all about going the whole hog, going all the way to the rewilding and non-intervention. So there are a whole range different approaches that are appropriate, particularly in a heavily populated landscape like ours.

Martin Harper: It does depend on what you want. In terms of public policy what it is you are trying to achieve. My understanding, we would argue essentially, is moving towards less intervention by humans over time, and for what purpose. If your public policy objective is more wildlife then it might well be in the crowded parts of the United Kingdom. To get more wildlife you need to manage, you need to intervene to get that to create the condition for wildlife to flourish.

In other parts of the country, in the wilds of Cairngorms or in the Flow Country, then you might get a lot of wildlife through stating withdrawal of human activity. That is a public policy objective that rewilding may or may not help you achieve. If, on the other hand, your public policy objective is to have some wild open spaces, which people can go into and there is no real sign of other human activity because you believe that there is tranquillity or something else in terms of all that can come from that, then that is another public policy joke. That may or may not give



you more wildlife. So you have to be clear about what it is that you want, if you want to support it. It is fantastic the debate is happening and I am glad you raised it.

Professor Roberts: I would like to add to that as well. The scientific evidence on rewilding—again depending on what you mean by it—is limited at the moment. There is more evidence obviously on the wildlife impact than on any other impact. There is a lot more that needs doing in terms of what the implications are for water quality improvements or air quality or whatever it might be; soil development.

Q165 **Kerry McCarthy:** I am interested then, you said, Steve, about it does not have to be “going the whole hog”, as you put it, so it is not—the areas that I seem to hear mentioned most is either hill farms or obviously the Somerset Levels, the wetlands. There is a whole debate about the wetlands after the floods a few years ago whether they should be given over to wetlands and to basically give up on the environment there. But you think perhaps it would be a better approach to combine the two rather than and—

Stephen Trotter: Definitely.

Kerry McCarthy: To what extent then in terms of—as we are discussing the Brexit scenario—the subsidy regime would be able to facilitate that?

Stephen Trotter: If a future post-CAP arrangement acknowledge the wider benefits that might accrue from rewilding then I cannot see any reason why it should not receive public payments. In terms of if biodiversity, clean water, increasing the organic soils and capturing carbon and organic soils is part of the package then rewilding should be eligible as another form of land management if it is providing those wider benefits.

Q166 **Kerry McCarthy:** It would be an interesting exercise to try to quantify the benefit of beavers as opposed to farmers not wanting beavers on their land.

Professor Roberts: That is what I meant when I said thinking about things in an integrated way. The science is not well understood because we do not know what the implications of different forms of intervention of that sort are. We do perhaps more in terms of wildlife but not in terms of the other elements that are equally crucial.

Q167 **Caroline Lucas:** Are you aware of whether they are going to fill that gap?

Professor Roberts: No. The wildlife area there are some and the beaver example is well known but—

Martin Harper: There is research review on the wildlife impact of rewilding going on now.

Professor Roberts: But it does not cover the other clarifications at all.



Martin Harper: No, you are right.

Q168 **Chair:** Dr Gravey, in your evidence talked about a review of Cerqueira, ecological rewilding. Did that look at the ecosystem services?

Dr Gravey: It was my co-authors on that point so I cannot comment.

Q169 **Chair:** Could you let us know on that? Could you just write to us on that very briefly?

Dr Gravey: Yes, definitely. Just on rewilding, it would not be undoing agricultural policy so that puts what we need is a land management policy with agriculture but also perhaps rewilding, and the question is: is it separate policy or is it the same unified land management policy?

Chair: We are going to have to draw the panel to a close. We have run over significantly and we have a second panel waiting to be with us. Thank you very much for doing this.

Examination of Witnesses

Witnesses: Mr George Dunn, Mr Patrick Begg, Mr Richard Quinn, and Mr Tim Breitmeyer.

Q170 **Chair:** Thank you for your patience to colleagues on the second panel. We have joining us George Dunn, Chief Executive of the Tenant Farmers Association, Patrick Begg, Royal Enterprises Director of the National Trust, Richard Quinn, Chief Executive of Farmcare Limited and Tim Breitmeyer, Deputy President of the Country, Land and Business Association. Welcome, gentlemen. Thank you for your patience. You were sitting in on the first panel so I am sure you will have a chance to comment and tell us your views on what you heard.

Can I kick off our debate by just asking to what extent do subsidies and legislation determine land managers' approach to environmental stewardship? What are your greatest concerns and hopes about the referendum result and the future of land management practices in the country? Let's start with George, please.

George Dunn: Apologies if I share my cold as well as my thoughts with you this morning. Subsidies and regulation obviously play a massive role in the way in which farmers react to the signals that they are receiving. So does the marketplace because we need to remember that the marketplace drives the way in which farmers react. In terms of my hopes and fears, my greatest fear is that we do not take advantage of the flexibilities that we have now been afforded by the decision to leave the European Union and that we continue in a way that tries to restrict the way in which we develop policies. There is now an opportunity to drive a new consensus for farming environmental policy within Britain and within the four countries within Britain. We will rue the day if we do not take advantage of the flexibilities that we have had to do that.



Patrick Begg: I would echo what George said about the key driving force for subsidies and regulation in place. Subsidies in particular, if you just look at it from our perspective of the environmental and heritage games that we have had since subsidies have been more targeted it has been hugely encouraging. If that were to go—and that trades on the fears that we would have—if that were to be redirected or poorly targeted then we would have significant worries about the consequences for our wider countryside. I am much more in the hopes than the fears for post-Brexit at the moment because, as the previous panel said, it is a once-in-a-lifetime opportunity to redraw policy and target things to something that is much more bespoke and useful for the UK situation, which is different from a Portuguese pastoral subsistence farmer or a Hungarian grain farmer or whatever. The UK is different and we have a chance here to target and reconstruct our incentives and also our regulations to meet those.

Richard Quinn: Policy, without question, has helped develop the environment over the last 25 years and to lose that and the risk of that in this current period of time while we are trying to evaluate future options is key in terms of how do we manage and deliver flexibility. Also, as other panel members have commented, how do we ensure that flexibility is maintained and built into future policy so that we start to articulate that efficiently and quickly to be able to engage the farming community, to help support the environment?

Tim Breitmeyer: Members of the panel may be aware we also see this as a huge opportunity and we wrote a number of documents saying a new opportunity for a new food and farming environment policy. We see it as a binary approach, making sure that we have a resilient farming sector alongside then the benefits for a much better environment. We have to make sure equally that it is targeted, and we have had that mentioned already.

We had 27 countries to look after before when trying to design a CAP. We now have one country who have a fairly specific agricultural system albeit across devolved territories, so we have a real chance here to better it for both our farmers and also the environment.

Q171 **Chair:** Your evidence says that, "Fear of disallowance has distorted the design of the current generation of agri-environment schemes". Could you give some specific examples of where that has happened please?

Tim Breitmeyer: I am a newly-joined member of the higher tier stewardship scheme and I can assure you my experience last year was that it would have driven me to despair but for the position that I sit in, and I carried on with it. It is terribly bureaucratic. The application process was lagging behind the timeframe. Frankly it is putting most farmers off trying to engage with it.

Chair: This is the new scheme?



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Tim Breitmeyer: This is the new scheme.

Q172 **Chair:** What do you think have been the most significant achievements of CAP environmental funding?

Tim Breitmeyer: You only have to look at the "State of Nature" report where they do cite agri-environment schemes in case studies in that as being of huge benefit to the environment going forward. It is one of the rays of hope for the farming sector, that that is recognised and we must build on that.

Q173 **Chair:** Can I ask the rest of the panel about the significant achievements of the CAP and current problems with it as it currently exists?

Richard Quinn: The achievements of CAP to date are well documented, as Tim has already commented. The "State of Nature" report starts to document that. Also it highlights some of the shortcomings of current policy and where we need to focus in the future. Without question members of the public that all wander out into the British countryside and talk about the establishment of wild bird mixes, management of hedgerows and all the landscape features that we take for granted. Undoubtedly they do have a benefit on habitat and wildlife management.

The future is around how we support developing that so we can focus on areas that have shortcomings. Clear objectives should be about how we develop policy that is joined up across all Government Departments where upstream and downstream benefits can be realised, integrating activities from water management and farming, and how we manage the land to deliver improved water management in the future.

Patrick Begg: We have to be clear that the change of the CAP towards agri-environment was the moment where we started to arrest the decline. That is what we have done to arrest the decline. What we have not done is restore or regain ground that has been lost since immediately post-war and then the 1970s and onwards. From the 1990s onwards we have stopped it getting worse fast. What we have not done is got it better. We need to be honest with ourselves about that, and if we have an ambition to leave the natural environment in a better state that we received it, we have to do a lot more. The big opportunity is rebalancing the way we use subsidies, particularly to incentivise better, with more public benefit, acting to landscape scale. These are things you have heard already today. You will find there is common language and they are cross-sectoral across environmental and farming bodies.

Something around nature being abundant everywhere. We have narrowed our focus in some ways, very successfully in our special places. The high-level schemes have been great. Some of the entry-level, basic schemes are less effective and less good value for money. We now have that opportunity to look again at that, rebalance the payments towards public benefit, but also recognise that we have missed a crucial point. We will need farmers to do this, so this has to be a partnership. The last



thing all of us need is a great deserting of the uplands or marginal farms, because they are the most vulnerable, through the removal immediately of public subsidies. There has to be a tapered approach there. Our vision is definitely for people in the landscape managing this. We will need them, so we need to think about how we are going to make sure that that landing is as soft as possible but also starts to push people towards a rather broader set of outcomes for land management than simply food production.

George Dunn: It is important to realise the reason why we have an agricultural and environmental policy is for two principal concerns. One is market failure and one is the provision of public goods. Both are very different things. When markets fail, we all lose as a society, so if bits of the marketplace are gaining substantially because markets are failing to deliver sustainable outcomes, we all lose as a society. We need to address that. Our agricultural policy has sought to try to do that, and public good provision is also another area where policy is key. What the CAP has tried to do over the years to a lesser or greater extent is to answer both of those questions. What agricultural policies worldwide have been trying to do is to answer those two questions: how do we deal with market failure? How do we deal with the provision of public goods?

I would not want to get us into a position where we just say the Pillar 2 funding is all that is delivering environmental benefit. Pillar 1 funding is delivering substantially for the environment because it is creating in many cases resilient farm businesses that care about the environment and manage the environment. The reason why we have small family farms based around grassland systems is not because the market is providing them with a living. It is because they are being supported through Pillar 1 and Pillar 2 of the CAP. We need to remember that while it may be a very blunt instrument and it may not be creating the sorts of environmental measures that we want to see, it is delivering environmental management and it is delivering environmental outcomes.

Agri-environment schemes that we developed 25 years ago are a good concept. The problem, as Tim has explained, is that we have moved from focusing on outcomes to focusing on process. The way in which we are now delivering agri-environment schemes is more about process than it is about the outcomes. Agri-environment schemes will play and should play an important role going forward, as well as correcting market failures that deliver better outcomes as well.

Q174 **Mr Peter Lilley:** I am sorry, I am going to have to go in a couple of minutes, but I will give you my questions and I will hear the answers later, I am afraid. The Government have made a number of announcements about the future of subsidies and agricultural support. Are those announcements sufficient to alleviate your concerns and uncertainty? What else could be done to minimise uncertainty? Would you prefer a speedy exit or the full two years?



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George Dunn: As far as they go, what the Treasury has announced has given the breathing space that we need to do the thinking necessary for the long-term changes that will be required. It has effectively said that the Pillar 1 payments will remain until 2020 and that the Pillar 2 schemes will continue to be honoured as long as they were signed before we leave the European Union.

Q175 **Chair:** Have they said that? I thought they said if agreed prior to the autumn statement.

George Dunn: No. There was another announcement over the weekend that the Treasury extended the timetable for that so that Pillar 2 schemes signed before we leave the European Union will also be honoured. There is a bit of granularity on that, particularly with the other devolved administrations, in understanding exactly what that means, but in essence it gives us the flexibility that we need. We may need a period of transition beyond that as well, just to make sure that we do the right thing in the right way. Certainly, in terms of what the Government can commit to in the circumstances of a country that has decided to leave the Union, what we have been provided is of benefit.

Patrick Begg: I agree. We have to welcome what Defra and the Treasury have said about the future of agri-environment schemes. It gives businesses that were teetering on the edge of choosing not to the confidence to go into schemes, and that is vital. The previous panel said there have been decades of investment in good work that would be put at risk if people felt they had to move to another way of plugging a hole in their farm business, which is what this has been able to do for a lot of people, as well as the positive works that come with it.

If your question is about how long it should be, I think you act in haste and repent at leisure. We definitely need to think carefully about this. For example, it seems to me mad to have a food and farming plan and environment plan when everyone is talking cross-sectoral about the integrated nature of those issues. We have an opportunity now, if we want to take it, to bring those much closer together more formally and to give us a better outcome at the end of it. That may take two years, but we should take it.

Mr Peter Lilley: Thank you. Can I leave?

Chair: Yes, you may. Thank you.

Mr Peter Lilley: Carry on the good work.

Q176 **Zac Goldsmith:** Can I jump in on that point? The division that you just described was a direct reference to something that was said by the Secretary of State for Defra. Is that right?

Patrick Begg: That is formally where we are now, so Defra has been for just over a year preparing plans for food and farming and the environment in two separate streams.



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Q177 **Zac Goldsmith:** Yes, and that was reiterated, I believe, a few days ago. Is that right?

Patrick Begg: Yes.

Q178 **Zac Goldsmith:** It was a question, not a statement. There is no merger and there has been no progress in terms of a joint programme?

Patrick Begg: Not yet, and I think we all think it would be better off.

George Dunn: It is madness that we should be looking at these things in isolation. They feed off each other. They will benefit from each other's thought processes.

Q179 **Zac Goldsmith:** I would suggest that is obvious to any of the panellists we are going to have throughout this inquiry, but why do you think that is not the approach of Government, and why has that not historically been the approach?

Tim Breitmeyer: I fear that we are in the position that we are, having created two work streams and trying to, post-Brexit, build on the two work streams that are there. With the limited resources I would suggest they now have, I feel they are unwilling to start the whole process again.

George Dunn: There is a concern from our perspective that the deep knowledge that has existed within Government is diminishing rapidly, and the extent to which they are able to manage this agenda is also of concern. There is a little bit of administration around the fact that they split these two because they are simply easier to manage in that way from a Government Department's perspective, but we need a bit more imagination in Defra.

Richard Quinn: The point that you quite rightly make is why look at these two things in isolation when evidently they are so intertwined? I was surprised that we want to continue with those two work streams when we should seize the opportunity to stand back from what we are looking at and say, "Right, what are our ambitious goals for the future and the environment and management and farmland, and how do we develop the interconnectivity between these two activities?"

Q180 **Zac Goldsmith:** I will ask Tim, if you do not mind. Are you saying that it is at this point too late to reconcile and harmonise those two streams?

Tim Breitmeyer: I would not say it is too late, no, not at all.

Q181 **Zac Goldsmith:** Is this what you are all asking for?

Tim Breitmeyer: Every organisation in the land does feel that it is one policy going forward, and it would be best both for farmers and the environment if we had joined-up thinking.

Patrick Begg: Effectively, it is land management we are talking about. That is the policy framework that we need, and a strategy for land management. The environment and farming are interlinked, completely



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coterminous, parts of that, and to have them separated out feels like it will miss a big opportunity.

George Dunn: At such a time as this where we are going to rewrite the rulebook completely, there is room to bring these two things together. We should not run to do two 25-year plans on different tracks simply because that is what we started before 23 June.

Q182 **Caroline Lucas:** I wanted to go back to almost the same question that I asked the earlier panel about public funding, and I was asking them about the business case for using subsidies to the farming sector as a route to protect the natural environment. I just wondered if you could add from your own perspectives about the importance of that case and how best to make it.

Patrick Begg: I think you heard some good things and some statistics that Martin gave you about the cost of restoring nature and the gap that exists between what we currently spend and where we need to get to. I would agree that there is a question for all of us about the level of ambition before we can even set the business case. Where do you want to get to before you decide whether there is a business case?

There is a real opportunity here around unleashing some of the newer and innovative markets around the services that we want from land. I would reference that there is no evidence. Water is the classic, closest to market version of that, where we have a load of farmers who are absolutely critical for completing measures that have a very clear cost-benefit ratio, which is far in excess of anything that a downstream flood mitigation or water purification scheme could deliver. It is far more expensive by orders of 10 to 20 magnitude. There are very cost-effective ways to do that, and yet at the moment no ability and no trading platform within which those beneficiaries downstream can pay for land managers to exert that better management.

We have a very receptive, expert farming community who are well placed to do it. We analysed something like £2.4 billion a year of avoided cost up for grabs in terms of water quality and flood mitigation. That feels like, as soon as you have people with a product—farmers—and you have people with a cost or something they are willing to pay for, you have a market. There is a real opportunity here to start to build a private sector—and, to some degrees, public authorities as well, local authorities and so on, who are dealing with all these impacts—in a much cheaper and more cost-effective way to pay for that, which is going to add another financial string to a hard-pressed marginal farmer's bow. That seems like a win-win. We just need to be a bit braver and get some of those things practically happening on the ground.

Q183 **Caroline Lucas:** It is helpful to have a very practical case study like that.

Patrick Begg: We have one in the National Trust on Exmoor, where we work with the Environment Agency mainly around flood mitigation. At the



top of the catchment we worked with our tenants to, for example, take arable off a steep-sided hillside, which was causing soil erosion and creating some of the flood problems. That reverted back to grassland, which has a brilliant landscape advantage for us as well. With National Trust, you would expect that; we care about that stuff. Downstream, we built some bunds, allowing the river to rewild: more woody debris in it, more meanders, just slowing the flow down. At the bottom were two villages that used to flood every year. At the peak floods last time, there was no flooding. That is anecdotal. We need to watch this for years before we can be sure about these results, but there is a real signal here that there is something quite meaningful we can do, which is not expensive and joins people up. It joins the village with the farmers as well. They are proud of what they did to help stop their family, friends and extended family being flooded.

Q184 **Caroline Lucas:** That is nice. Does anyone else want to add anything?

Patrick Begg: On the business case for agri-environment schemes, Natural England had done a study that shows that for every pound of agri-environment scheme money spent, there was £25 of benefit through environment, cultural and economic gains. That is the business case on the ground for it, and then, from an environmental point of view, it is quite clear over time—and we have to remember over time—that even the entry-level schemes that we have over the last 10 years are starting to prove significant benefit, but it is very difficult to measure at the moment.

George Dunn: If the objective is to create a resilient agricultural industry that is delivering food to the nation today and tomorrow and forever in a sustainable way, which manages wildlife, water quality, flood risk, historic landscapes and cultural landscapes, the two questions that we have to answer are: in what ways are markets going to prevent us from achieving that and, therefore, where is it necessary for governments to intervene? What are the elements that are public goods that markets will never produce for us, and how do we incentivise those coming forward? That is the business case.

When I was a very junior economist within MAFF in the late 1980s there were substantial reports done by the universities at Exeter, Newcastle, and Manchester University, looking at the first tranche of environmentally-sensitive area schemes, what they were delivering and how they were delivering them. I think we would do worse than look back at some of those substantial reports where some of the evidence base was laid down for us in terms of how you value these things and whether there is a cost-effective way of achieving them.

Going back to those outcome-focused schemes that we had back in the 1980s and 1990s that we tend to turn away from, we did a massive piece of work about valuing the landscape for flood defence in Aldeburgh as well, which the Treasury bought into. The business case is there if we



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look hard enough for it. We just need to know, what are the right questions we need to answer and what is it we want to achieve?

Q185 **Caroline Lucas:** Thank you. I had a question, if that is all right, specifically to Mr Begg, just about the National Trust evidence, about the influence of external factors. You were giving the example of trade barriers and the impact of those on land management in the UK. I wanted to ask how these affect the resilience of the farming sector and its ability to produce environmental outcomes.

Patrick Begg: This is a simple market forces question. If we expose UK farming—which is heavily subsidised and supported for good, in a lot of ways, and sometimes for less good, but certainly subsidised—to a WTO hard Brexit model, all the tariffs that come with that, the competition with hugely more advantageous models in Brazil or Argentina—let us just take beef, the scale and the lower standards that apply in other parts of the world in that model. Our ambition is to have a much better farming system. I just cannot see that it works. It is not rocket science to see that we might absolutely try hard to compete, and there is a huge amount of damage to be done in trying to compete through over-intensification, just going down that route, and we will not win. I just cannot see it.

At that point, all the things that we care deeply about as an organisation are out the window. Any discretionary effort that might go into countryside management, environmental quality, cultural heritage or landscape, all of those things are sacrificed on the altar of that competitiveness treadmill. I just do not fancy that view.

Q186 **Caroline Lucas:** Pushing that to the logical conclusion then, so to avoid that if we did have that kind of scenario, would you be calling for some kind of protective—I am trying to avoid the word “barriers”—measures at borders to say that in terms of stuff coming into this country, it ought to meet the same environmental or animal welfare standards as our own farmers are being given? Otherwise we are just handing our own farmers an—

Patrick Begg: I know you are going to accuse us of not having an answer, but it is beyond our competency to know how that should work and it is probably not an area that we should get into as a conservation organisation. For our tenants whom we depend on, their businesses do depend on this. At the moment, access to a European trade zone is going to allow at least some sort of level playing field around standards, promoting that good management and the kinds of things that we do have. As the previous panel said, we have led the way in the UK to a large degree. That feels like at least as good as where we should be. If we can find a way to develop trade that secures that, that is where we would be.

George Dunn: You are absolutely right. We do need to be driving standards, and one of the things that frustrates my members immensely



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is that they are told they need to be doing things in a certain way and managing the land and the landscape and the livestock in a certain way, yet they are undermined day after day after day in supermarkets and food service sectors and so on with stuff that is coming in that is below those standards. If there is one thing that we can achieve in terms of Brexit—one of the things I was talking about earlier in terms of the flexibilities—it is that we need to drive those standards so everybody is operating to the same standards.

Consumers, when you talk to them before they go into a supermarket, say they want to buy local, they want to buy high animal welfare and high environmental quality. When they come out, they have anything but in their trolleys, and that is not because they are being duplicitous; it is because they cannot find it on the shelves. We need to make sure that we are driving the whole of the system to ensure that the standards we wish to see from our agricultural industry in this country are matched by whatever consumers are offered both in food service and retail outlets.

Q187 Caroline Lucas: That is a big thing, though, is it not?

George Dunn: It is a huge thing, but we need to be grown up about it. If that is unachievable, then we get to the situation that Patrick was talking about, where we are competing with the lowest common denominator and we lose out substantially as a society. We have to address these big issues. Even on public procurement, on Government funding, we have had the Bonfield principles because we could not as a country require local public authorities to buy British foods at high standards. Now we have the opportunity to do that, but we need to decide, what are the high standards to which we want to produce, and how do we protect our farmers to be resilient over the long term with those standards? We have to live up to those questions.

Q188 Caroline Lucas: Are there any comments from the others?

Tim Breitmeyer: To highlight the issue on the trade front, take the example of a sheep farmer. For many of our upland farms, where profitability is difficult at the best of times, their stock in trade is the sheep trade. 95% of European imports come from the UK for sheep. If we are exposed to a common customs tariff because we do not have free access to Europe, the effect will be significant, in excess of 30% tariffs. For an industry and a sector in the industry that is already in very marginal existence, that then poses huge problems to viability in the uplands, for instance, going forward.

Q189 Chair: Sorry, can we just go on your figures? You said 95% of the EU's imports.

Tim Breitmeyer: 95% of our exports from this country go into Europe as far as sheep meat is concerned.

Q190 Chair: Sheep. Yes. Why did you use the 30% figure of tariffs? Up to?



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Tim Breitmeyer: It is in the region of 30%, I believe, that the sheep—

Q191 **Chair:** For other World Trade Organisation countries?

Tim Breitmeyer: No. That is as far as the common customs tariff that Europe applies to countries that are not in their free market access zone.

Q192 **Caroline Lucas:** Could you do us a note on that?

Chair: Yes, I think that would be very helpful if you could write to us with the details of that. Thank you.

Tim Breitmeyer: Yes. We will give you all the tariffs. It is much more frightening when it comes to a beef farm, frankly. You are talking about tariffs that go in excess of 50%.

Q193 **Zac Goldsmith:** You worded it differently, so I just want to be clear. It is 95% of the sheep that we export are to the European Union. Is that right?

Tim Breitmeyer: Correct.

Q194 **Zac Goldsmith:** What percentage of the sheep that we produce are exported?

Tim Breitmeyer: I would not be able to tell you that.

Patrick Begg: I think it is about 80%. I think that would be the referenced statistic.

Q195 **Zac Goldsmith:** How many sheep do we import? There seems to be an almost identical swap with many of these products, which is very hard to understand except through the lens of perverse subsidies, which we have a chance to get rid of.

George Dunn: I think on sheep meat we are net exporters, but there are other commodities where we importing and exporting, and we have again the chance to look at potentially import substitution as a policy to drive standards and to drive the sorts of businesses that we want.

Zac Goldsmith: I do have a question. Can I jump in?

Chair: Sure.

Q196 **Zac Goldsmith:** Do you mind if I do this very briefly, Mr Dunn, and take you up on the point that you were making? I fully agree with you, your comments about procurement and about raising standards and having a balanced playing field, so requiring the food that is imported meets the same standards that we impose on our own farmers. That is the first farm-related promise that David Cameron made before he became Prime Minister and soon discovered that he could not honour it because of our membership with the European Union. Is it the case now in your view that, post-Brexit, that is a problem we will be able to rectify without falling foul of WTO rules?



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George Dunn: That is the £64,000 question, the WTO rules and how we play that through WTO, because the non-tariff barriers are a big issue for WTO membership.

Q197 **Zac Goldsmith:** This is a central issue.

George Dunn: Absolutely.

Q198 **Zac Goldsmith:** Has anyone, to your knowledge, analysed this or looked at it in any detail?

George Dunn: Within a UK context, no, because we have been a member of the European Union, which has dealt with the WTO as a trading bloc, so there is some work to be done there.

Q199 **Zac Goldsmith:** If we want as a Committee to get to the bottom of that, who do we talk to? Any of you. Who is most likely to be able to help us with an answer to that question?

George Dunn: I would hope that the civil servants who have now been recruited to the Department of Trade would be those that you should talk to about some knowledge on this area.

Zac Goldsmith: I think we absolutely have to find someone to give us an answer on that.

Chair: Thank you. That is helpful.

Q200 **John Mc Nally:** I quite liked the answer you gave earlier on. You brought me in mind of my mother used to say that an ounce of preventative is worth a pound of cure, and I totally agree with that sentiment. It is something I have tried to keep with me.

I want to go back to a question we touched on earlier. Mr Quinn spoke a wee bit about it. Where does the balance come alive between the Government's support for the farming and the land management sector and other funding sources for environment land management? Where should it align?

Richard Quinn: As the panel have already heard and the Committee in the previous session, what we are talking about are the principles of land management. It is to first compartmentalise each specific aspect and say, "Where does each individual perspective lie?" There has to be a collaborative view of that to allow us to assess where the opportunities are. How far stretching and advancing are the goals that we are setting ourselves, and where do we integrate the land management with the farming? They are inextricably linked, and farming colleagues around the country are undertaking these activities largely and they are doing benefit for the environment and public good. How we develop that in the future is about how we deliver and realise this joined-up perspective.

Q201 **John Mc Nally:** Does anybody else want to answer?



Patrick Begg: Absolutely we want public money for public benefit, but we need a debate about what public benefit is. We have touched on it with the previous panel as well. There is no one answer to that at the moment, and it is a bigger question for Government but also for loads of different stakeholders in wider civil society: what do we want? I do not buy, for example, the devil's deal, which is you either have food production or the other things that we want for society. It is absolutely possible to put them together, and it will be, as the previous panel said, a question of local distinctiveness as well. It will not be some recipe that you define for the UK and then lay out. It is going to have to be done at a sensible, regionalised area level. Catchments are a great thing; we have 100 of them in England, Wales and Northern Ireland. If we just invested in organising ourselves around that sensible land division, we would go a long way to understanding how to bespoke it properly, but within that framework about what society wants.

Q202 **John Mc Nally:** Are you saying we should be using what we already know, that we should be putting that to better use?

Patrick Begg: There is a load of that out there, and I have to say some of the clunkiness around the way that the disallowance comes about and the way the RPA operates, the way Natural England sometimes answers to it, is because there is not a brilliant knowledge-sharing platform there that engages the farming community in that as well. It is still very separated out and it is much more a stick than an incentive, the use of that knowledge. We need to get on to a much better common understanding of that.

Tim Breitmeyer: I often use the phrase that we need to try to encourage our farmers to add environmental farming to their portfolio skills, because they love the landscape that they own and farm. They understand it. They are the people who are best there to deliver it, but we have to remember that, at the heart of it, food production is what makes them profitable to start with.

Patrick Begg: There is a key point there, what Tim said, around moving towards payment for outcomes. It is often said but not often described what that means. It is about, at a sensible level—landscape scale, catchment perhaps—setting a range of outcomes that we want to buy, and then working with the farmers and the land managers to define the path to get there. Setting down a recipe that they have to follow and inputs and processes to get there is less successful. That is culturally alien and is part of a lot of the problems that we have had, certainly with our tenants. We are much better off working day to day on co-creating the journey to get to the outcome. That will take a bit of bravery in how we use our money because some of those things will take 10 to 15 years to get to and we will have to have some proxies along that pathway, but we need to be braver at unleashing those land management skills that Tim talks about in getting there, and being a bit braver about trusting them.



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Tim Breitmeyer: Just on that, the type of scheme you put in place, there is obviously a clear difference at the moment between the basic payment scheme, which is an annual application, it is complex, it is not popular, and then you have environmental stewardship, which is a multiannual contract. Certainly my organisation thinks very strongly that a move towards our future policy being a series of multiannual contracts is much, much less expensive to deliver and much, much less bureaucratic. They do involve a degree of trust and, yes, they must be verified, but they will be much more effective in gaining the trust of the farmer to engage with them and then deliver the benefit.

George Dunn: I would want to go back to what I said previously. Let us not pretend that Pillar 1 is not delivering environmental outcomes. It is delivering environmental outcomes. It may not have been designed in that way, but there are plenty of farmers up and down the country who are profitable because of Pillar 1 payments, who are doing the right thing by the environment, by animal welfare, by landscape management and so on. When you remove that Pillar 1 payment, you will have a massive risk to the environmental management that you want to achieve, so we need to ensure that we are putting things back.

My members are principled. They are experts in their fields; they have good ideas; they are problem solvers; they respond to marketplaces; they respond to incentives. Put the right package in front of them and they will deliver what it is you want them to achieve, but we also need to remember that as labour has shrunk on farms our farmers are becoming operations managers, HR directors, environmental managers, risk managers, futures traders. The skill set that they are being asked to develop is getting more and more huge, so we will need advice, but we need advice that works with, as Patrick was saying, the skill set that farmers have and does not treat them pejoratively. Do not treat them as lesser citizens, which we sometimes have within advisory systems. We need to be working hand-in-hand with the advisers and the farmers so that we create this new dawn.

Q203 **John Mc Nally:** It does sound like there is an awful lot of technical assistance needed to get into the land management and people that deliver these things. That is the message that I am getting across from you. I appreciate that there are a whole set of skills out there, even with the modern machinery that is available and people have to know what they are working with to get the benefit from it. However, I want to go back to Mr Begg, and we have touched on this already, but the National Trust advocates an approach with "hybridised public and private support to protect and enhance the natural assets while nurturing new market opportunities around land". So realistically what is that scope? Can you expand on that a wee bit for the next five or 10 years?

Patrick Begg: I touched on it earlier, which is around the water example, so all those billions of pounds that people, grid operators, local authorities, police, fire services, are currently spending to sweep up the



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impact of flooding, and utility companies are spending to clean water that is full of particulates that have come from eroding soils, it is a pretty simple recipe of what we can do to change that. It is a big amount of money. It is really chunky. If you divided that over 20 years across 100 catchments you would have £6 million. Even if you just had a quarter of that £2.4 billion to play with as an avoided cost there is £6 million worth of works you could do with that money and that is plenty to do all the things we need to start to really make a real difference in the societal benefits. That is the pride of marketplace I am talking about. There will be others. They are less close to market now, so soil carbon in the uplands. Our peat lands are hugely rich in carbon and yet are emitters, not sequesters, of carbon at the moment because they are so degraded. Putting them back into good heart will do more than many of the measures we do with our industrial strategy at the moment.

There is a huge amount to play with, with land management there. That is a coming market. There are public health benefits that we know we can start to quantify, just from people going out to enjoy the countryside, and their wellbeing and lessening the cost and the impact on the health service. That is not liked by Treasury as a formula for understanding that, but it is a real thing. So these are all areas where the land manager is absolutely fundamental and critical to that, and could be a beneficiary from all those avoided costs that we, as a society, may wish to put back in.

Q204 **Chair:** Is that a private market, though, if you are asking the fire service to pay farmers because you are asking for public money?

Patrick Begg: It is a hybrid, a bit of both, so United Utilities, definitely, Wessex Water, yes.

Q205 **Chair:** Local authorities who have had their budgets cut by 30% to invest in farming?

Patrick Begg: But they are paying for all the sweeping up at the moment, so they are bearing all these costs. The proposition is it is cheaper to buy upland management than it is to deal with the consequences of it coming downstream. A good example internationally, quite farsighted, New York City purchased the wider catchment in New York State because it was significantly cheaper for the city to buy that and manage it benignly than it was to deal with the consequences of dirty water and excessive flooding.

Q206 **Chair:** Does anyone have any examples of payment by results contracts? The evidence from other parts of Government is that they are risky and they are complex. People want a simple system but payments by results, if you are talking about co-creating, sounds enormously complex.

Patrick Begg: It takes effort. Sorry to interrupt.

Tim Breitmeyer: In terms of water quality there is a clear example in South West Water where farmers are being encouraged to build reed



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beds, which in turn has meant that South West Water have not had to build a new treatment plant downstream. We will have to confirm the figure to you but I think it is something like £700 a hectare, or something like that, to convert that land into reed beds to act as the filter to clean the water.

Q207 **Kerry McCarthy:** So the water company is paying the farmers for that land?

Tim Breitmeyer: The water company is paying the farmer rather than putting the capital investment into a very expensive, static, fixed asset.

Q208 **Zac Goldsmith:** They are also, just for the record, paying farmers to use fewer pesticides because it saves them money as well. Their approach is almost the perfect example of natural capital in action. I cannot think of a better example.

Q209 **Chair:** But that is not necessarily payment by results, is it?

Patrick Begg: If you went to Ireland, to Burren, there is an active payment for outcomes exercise that has been going for a number of years there, which is extremely successful in getting the outcomes you want.

Q210 **Chair:** What does that do? Is that sequestration? That is peat?

Patrick Begg: It is quite focused, because it is on one particular habitat type, so limestone paving and grassland, which is a special protection area so they have quite a lot of incentive to get it right, and it was in decline. They have turned that around substantially and it is a laddered payment where the more you do, the more you get out of it, so you can choose at what level you are going and a bit like a classic environmental management system you are always on a continuous improvement track so you can see how you get better and better over time, and that has been hugely successful. It costs money, but so does Pillar one. There is money there.

Q211 **Chair:** Do we have anything in this country? Do we have an example of payment by results in this country?

Patrick Begg: They are being trialled at the moment. There are a couple of trials in Yorkshire and somewhere in the south-east, but I cannot remember where it is. There are a couple of trials that Defra are running. They have just got going now.

George Dunn: I would also encourage the Committee to ask Defra to let you see some of those policy evaluation reports I was talking about from the 1980s and 1990s where lots of work went on, on the first tranche of ESAs, Countryside Premium Scheme, the first Countryside Stewardship Scheme, the five-year Set-Aside scheme, which were all outcome-driven types of schemes but showed massive value for money for what the taxpayer was providing. The problem is that we have allowed the pendulum to swing too far in the accountability direction to manage every



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pound through the system so we can see it from when it leaves Treasury to when it gets into the farmer's bank account. I would certainly encourage you to ask Defra to dust off some of those old reports, because there is lots of good evidence in them.

Q212 Zac Goldsmith: We have covered a lot of ground already. I cannot remember which of you just talked about the pilots, the Defra pilots and payment by results. Can you just give me a snapshot? What are the results?

Patrick Begg: They are specifically related to habitat, so in terms of Defra—

Q213 Zac Goldsmith: It is not water-related, is it?

Patrick Begg: No, so in the Yorkshire Dales pilot it is a very specific set of priority habitats set against our Habitats Directive targets, to improve those. In that sense it is going to tell us something. National Trust are just working up a complementary pilot in the Dales as well with our group of tenants to test a more complex version of that, which is whole farm, so looking at the whole range of benefits that you might get out, which I think you have just been referring to. We want to get that going in spring next year.

Q214 Zac Goldsmith: So at the moment a lot of the people we have had evidence from are talking about a shift to a payment by results process to simplify things. For all the reasons you have just described it is incredibly complex. You want to know what it is you are measuring, what kind of results you are looking for and they will differ from place to place. Based on the evidence you currently have, so notwithstanding the point you made about the work currently being done, is there enough evidence, in your view, to point to the payment by results approach as the best approach when we repatriate capital? Is there enough evidence for that yet?

Tim Breitmeyer: I believe it is possible for the water sector. I am absolutely sure for the water sector, that that is a market that can be developed, partially because you have a willing payer and a willing buyer, but beyond that at the moment I suspect carbon sequestration and industry paying for carbon credits will be the next one down the line. I foresee it being very difficult on the biodiversity front for quite a long time.

Q215 Zac Goldsmith: How would you do it on the biodiversity front?

Tim Breitmeyer: The issue is you have to create a baseline and having got your baseline you then have to have some fairly good metrics as to how to measure species recovery levels. There is data there and the Game Conservancy have data and it is there to be developed, but we are a long way, I believe at the moment, from getting to that point.

Q216 Zac Goldsmith: Even that would be quite difficult. If you are talking



about recovery being part of the metrics, that presumably militates then against farms that have already managed in such a way that they are biodiversity friendly. So surely you have a baseline for an environmental type and then you would say, "We expect an environmental type of this sort to have this kind of biodiversity and that therefore is the baseline that we are using and if you want the payment that is the result we are looking for"? Is that not a simpler way of doing it, otherwise you are going to end up looking at each farm individually, which becomes a bit of a bureaucratic nightmare and realistically we are just not going to have an army of people doing this work.

Patrick Begg: That is what we do at the moment. We absolutely check each farm individually.

Zac Goldsmith: But we do not have it, because as we heard in the last panel 1% of farmers—

Patrick Begg: With the resources we have. There is an issue about our lack of resource and governance locally.

Q217 **Zac Goldsmith:** I am saying that realistically and I am not Government, but I am going to guess that we are not going to have that army of people inspecting farmers if we followed that route, I think. Unless I have misunderstood what you said.

Tim Breitmeyer: No, you have not. It is a long way off and it relies on a lot of knowledge, which I think is something our sector does not have at the moment, about the biodiversity on the farm, because they just simply do not have that expertise, which has been lost over time, I think.

Richard Quinn: It is really difficult to quantify and there is an emerging measurement of natural capital with other schemes and all anecdotal examples. Rather than using a blunt instrument of the outcome, as was heard in the previous panel, if we develop a wild fly bird mix then you would hope the birds are going to come. That does not mean to say that you should get penalised because in year one they do not come. How do you measure that return on investment over an extended period of time? That is really challenging and difficult.

Q218 **Zac Goldsmith:** That was the point I was going to ask. My last point, because we are going to run out of time, was simply that if you do the right things it could be years before you see any outcome, and that makes it harder again to do the payment by results.

George Dunn: That is about developing, as Martin Harper said previously, the right sort of proxies that you want to measure, so you are not always focused on things that will move, get disease, have concerns with the climate in other parts of the world. That you create a set of proxies that say, "These appear to us to be the right outcomes to achieve the benefits that we want to achieve". If they are not achieving those benefits then we can tweak them. We can think about how we can change things, but the issue about providing people with the right level of



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advice I disagree with Tim. I think there is a large degree of people understanding their soils, understanding their farms, understanding the way in which their wildlife corridors operate. Yes, we could add to that with expertise. If we had good project officers for these schemes who were advocates, who were able to lever in other help and advice from other parts of the academic environment, I think we would have the opportunity to have great schemes going forward.

Zac Goldsmith: I am going to stop there because we will run out of time.

Chair: We are going to go straight to our final question, which is Kerry.

Q219 **Kerry McCarthy:** That was fascinating from that last session but we could be there forever if we were to pursue it. As I did with the previous panel, I want to ask about rewilding, and particularly about the views of farmers on this. I know some National Trust farmers have started to look at rewilding as part of land management but others have serious concerns about how it will work. As a starter, what are your views on this?

Tim Breitmeyer: I think it is an option that a land manager has. If he feels that is the best solution to go down for his land and if he is committed to it, then I do not think there is anything to say we should stop him. What we should do is make sure that he has the flexibility within the system to be supported in doing it.

Q220 **Kerry McCarthy:** Financial support?

Tim Breitmeyer: Take at the moment, a landowner turns his estate into a rewilded area. It was extremely difficult to get any financial support to do that, to recognise the biodiversity benefit that was going to accrue, mainly because it did not fit the prescriptions of the scheme itself, and so flexibility will ensure that the significant wildlife benefit that may come from returning that land to nature can accrue. There are unintended consequences often with the rewilding that we have to be careful of, particularly when it comes to species rewilding. A management plan in place for that type of rewilding is very important.

Q221 **Kerry McCarthy:** When you say that do you mean, for example, if particular wildlife is reintroduced then going on to encroaching land?

Tim Breitmeyer: There are many unknowns in the reintroduction of species and unless there is a framework that is managed by local landlords and local landlords are involved in being able to manage that, then there can be unintended consequences. Both the landlord himself and the community further downstream can—

Q222 **Kerry McCarthy:** I suppose beavers are the obvious one in terms of—

Tim Breitmeyer: Because of flooding, or whatever, so we just have to be very careful about how we do it, and we have to have the support of the landowners involved.



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Richard Quinn: I think the evidence base around rewilding is not there yet. There are some opportunities that can be considered. How do we integrate rewilding within an environmental policy that allows it to be part of a suite of tools that a land manager can use? Also, as the Committee has heard a couple of times already today, how do you get people to collaborate in those areas to deal with the issues that Tim highlights, which is working together to deliver schemes of significant scale that allow benefit to be realised easily and simply? That said, getting likeminded landowners to collaborate could be a challenge, and I think the other point I would like to make is we need a lot more information on what rewilding is, and what we see it as, as an environmental measure.

Q223 **Kerry McCarthy:** So for example with the Government's 25-year environmental plan, when it eventually emerges—I understand the framework is coming in November—would you like to see a rewilding section in there that starts spelling this out, or do you think it is something that should be visited at some vague point in the future?

Richard Quinn: I think if there is an opportunity to spell it out in there, but as I said rather than be conscripted by a timetable of getting a policy out I would suggest to Government to stand back for a second and determine how we integrate food and farming and environment and see it as one, rather than still charge on with two separate approaches.

Patrick Begg: I would say I am much more interested in outcomes than a thing like rewilding or something else, because it immediately paints a picture.

Q224 **Kerry McCarthy:** Rewilding is a process, rather than an outcome.

Patrick Begg: Strictly speaking rewilding is removing human intervention and reintegrating keystone species. That is what rewilding is. Whether that will always get us the outcomes that we want as a society I am not convinced. There will be some areas where you can consider it. We are a very small, crowded island. There might not be many, but that kind of ultimate view of rewilding might be possible in some places, and we might choose that. To say that we would actively pursue it when we do not really understand the outcomes we want and how we do it, I cannot see. I think as a policy goal it fails, for me. It is a tactic that you might use if you decide that the bit of land and its outcomes and products that you want would lend itself best to that approach. Yes, let us do it. Down land, for example, I think we all love walking on the downs in a lot of the parts of the south of England. If we rewild those, that is forest. That is what you will get. It is climax woodland there, ultimately, but we know that there are huge amounts of habitat and biodiversity benefits from having a managed down land landscape, and we like the look of it, the aesthetics, and we like the fact that there are communities who are working on it. So there are a whole range of things here that suggest to me that just pursuing something like that is going to lock us into pursuit of something that may be completely inappropriate in 95% of the situations that we have.



Q225 Kerry McCarthy: Presumably that would be a decision that would be made when you are looking at which areas to rewild?

Patrick Begg: Exactly. You can allow the decision, absolutely, but I think pursuing it does not feel to me quite right. I would like to see wilder rivers in a lot of places, because they do have very meaningful outcomes. I would like to see some wilder woodland. There are some very specific things that could be wilder in those terms, but going for rewilding as a concept feels to me quite a blunt instrument.

George Dunn: I would absolutely agree with Patrick and there is rewilding and there is rewilding. Some people view rewilding as turning back the clock, so for example reintroducing wolves or lynx into the country. We are in a different societal context now than we were when those were roaming our land generations ago, so we need to be thinking about what we mean by rewilding. It could be something as simple as allowing a branch to fall off a tree and remain there so that it is a good habitat for beetles and bugs. That is an element of rewilding. As Patrick says, it is a tactic rather than a strategy and we need to think about how we use it within the context of today's society or a small island to achieve the outcomes that we want to achieve.

Patrick Begg: I think Caroline Lucas mentioned Knepp Castle and I think the other panel did as well. It is a really good example and somebody may have been. It is fantastic, I love it, and Charlie Burrell has done the most amazing things there, and it is much wilder than it was, but he also still has his polo grounds that go with the mansion and also within the landscape it cannot be the way it is and his proxy for the Aurochs, which would have been there pre-glaciation, are longhorn cattle and he has 500 longhorn cattle and he sells them. They are a product, so it is still a productive landscape, but it has some absolutely amazing wilder elements—growing nightingales, purple emperor butterflies. It is extraordinary, but is still in some ways managed.

Q226 Kerry McCarthy: Playing devil's advocate for a moment, then, if we are looking in the Brexit context about to what extent we use subsidies to compensate for market failure and most forms of farming would not exist in this country at the moment without subsidies, but there are certainly some that would definitely go under without subsidies, the hill farming, do you think that this presents an opportunity to decide that certain forms of farming are just not sustainable or economically viable and that rewilding would be the answer in terms of tourism taking over in those areas?

George Dunn: I think that is the wrong question, if I may. What we are saying is what is it that we want to deliver? I characterised it earlier as a resilient farming industry that is feeding today's population and tomorrow's population in a way that delivers for a high quality environment, animal welfare, cultural heritage, historic landscapes and so on. If agriculture is not doing that then we are failing as a society. That is what everybody wants our agricultural business to do. To say are there



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types of agriculture that are not going to deliver that? The answer to that question is no, because all forms of agriculture can deliver that goal, that dream, but we need to understand where there are market failures—

Q227 Kerry McCarthy: Some would need to be more heavily subsidised than others.

George Dunn: Some may need heavier investment from the public purse than others because of the nature of the systems that they are operating. Others will not need so much investment from the public purse, but we need to answer the question about where is the market failing to deliver those outcomes and where are the public goods that the market will never deliver?

Chair: Thank you very much indeed. It has been a fascinating morning for us. We have overrun by a huge amount, so thank you for your patience and if we have any further questions we will write to you and to your organisations. Thank you very much indeed.