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Rt Hon. Alistair Charmichael MP
Chair, EFRA Select Committee

By e-mail

10 February 2025

Dear Alistair,

Thank you for your letter to Secretary of State dated 22nd January following Efra Committee. I am responding to your questions as the responsible Minister for Farming. I apologise for the slight delay in responding.

Productivity

In 2018 and again in 2019 DEFRA published evidence on the impact of removing Direct Payments and the sort of productivity improvements needed in response. The fundamentals of that analysis still form the basis for our modelling and set out four channels of adjustment. These channels and associated changes observed over time are:

1. Agricultural rent reduces as direct payments which have been capitalised into rents reduce. Inflation-adjusted average rents have decreased by 17% between 2015/16 and 2023/24.
2. Increased diversification bringing in new sources of income. Average net diversified income increased 26% between the transition start (2020/21) and 2023/24; to £19,100 (Farm Accounts England). This growth rate outpaces the consistent but steady pre-2021/22 growth showing farmers are responding.
3. Participation in ELM: Average net income from ELM schemes increased 62% in real terms over the first 2 transition years. Uptake has since accelerated further as the offer has expanded.
4. Productivity improvements: We expect lower performing farm businesses may close some of the performance gap to higher performing peers of similar structural characteristics. Emerging evidence suggests that many farmers are making changes; for instance, 19% say they plan to grow the business, 38% to stay farming and diversify, 22% want to increase productivity and 24% to change agricultural enterprises (April 2024 Farmer Opinion Tracker).

It is worth noting that despite the withdrawal of subsidies, the average farm business income for the transition period (2021/22 to 2023/24) was approximately £82,000 in real terms and higher than the pre-transition average (2018/19 to 2020/21), which was approximately £58,000, in real terms. This shows that farm businesses can and are adapting.

Government funding has a role to play in productivity improvements. That is why I set out plans for the ADOPT scheme. I am keen to test with the sector through the farming roadmap their view on what opportunities exist and how government can help, including the potential for grants. I will confirm my plans in due course.

Plan for communicating change

I recognise the need to provide farmers with as much clarity as possible. The Secretary of State committed at Oxford Farming Conference to be open and honest with farmers and meant that. We will continue to do that, as shown with the recent publication of the consultation on the Land Use Framework which set out for the first time the level of change to land use needed to achieve the statutory environmental targets agreed by Parliament.

I hope that by this Autumn to set out the results of the review of the Environmental Improvement Plan (EIP), Land Use Framework consultation and the first iteration of the farming roadmap. In combination this will set out the direction for farming and environment for the coming years.

One of the opportunities I see at that time is providing further clarity on how we see different programmes, including farming programme, contributing to relevant targets. This information will provide stakeholders, academics and farmers with an improved understanding of the progress we are making, and as you say, what works.

I have also asked officials to start routinely publishing evaluations of individual schemes or policies as and when they are completed, so we can provide more tangible information the information I am seeing to inform the farming transition.

Countryside Stewardship Higher Tier

I agree with the Committee on the importance of the Higher Tier offer. We are working with Natural England, Forestry Commission and Rural Payments Agency to improve both the offer in terms of outcomes, but also so more farmers and land managers can benefit over time. We will be developing the digital service for applications to improve the process for the customer and across the relevant Arms Length Bodies, to ensure an efficient applications process. We will also explore for the future, how we could potentially complement the support from our ALBs with the wider environmental expertise available to land managers, in preparing land managers for the Higher Tier scheme.

I will ensure that, going into the Spending Review, we have secured and are making best use of the right level of resource to support my ambitions for Higher Tier.

Farming Advice

I recognise the importance of farmers having the advice they need. Many external organisations and advisers work with farmers and we supplement that with Government funded programmes where necessary. Looking forward, this consists of three areas:

Technical, expert advice after farmers have applied for our environmental schemes, to ensure they are undertaking the right actions in the right places. This comes from government ALBs including Natural England, Forestry Commission, Environment Agency and Historic England.

Proactive, multi-agency support, targeted to improve water and air quality, delivered through Catchment Sensitive Farming (CSF). CSF advisors use a supportive approach to reduce those risks, helping farmers to apply for relevant funding where this is needed. In the last financial year (23/24) CSF made 7,576 farm visits leading to over 15,072 actions by farmers to improve water and air quality. The impact of CSF is robustly monitored, using direct tracking of visits and farmer actions, water quality sampling, and modelling of environmental impact. Monitoring and evaluation are core elements of the scheme, and they inform ongoing improvements and developments.

Remote and online support so that farmers can understand their regulatory requirements and scheme options. The Farming Advice Service (FAS) delivers advice through newsletters (opened by approximately 30,000 farmers monthly), webinars (attended by up to 1200 farmers) and a free at point of service independent helpline (answering about 150 queries monthly). FAS is assessed through ongoing delivery reporting (e.g. number of calls answered), monitoring of product quality (e.g. through customer questionnaires) and an annual monitoring survey, sent to ~70,000 newsletter recipients. Our evaluation process led to the expansion of the service from March 2024, to cover a broader range of advice topics, including new government scheme options.

The advice offer has been subject to improvement, drawing on evaluation but also learning from other parts of the UK.

Since 2024 we have recognised the complementary roles of CSF and FAS as on-farm and online services, and have brought them closer together. This involves ongoing reporting across the services, a shared website, and a referrals function, so that FAS callers can be re-directed towards in-person support.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Daniel Zeichner', written in a cursive style.

DANIEL ZEICHNER MP