

# THE UPLANDS ALLIANCE

A Network For The Future Of England's Uplands

## **Our response to: Health and Harmony: the future for Food, Farming and the Environment in a Green Brexit**

The Uplands Alliance Steering Group agreed at our last meeting in February to submit a response to the Government's consultation.

The consultation is broad so we are limiting our response to the following chapters:

- 3 Agricultural Transition
- 4 Successful Future for Farming
- 5 Public Money for Public Goods
- 6 Enhancing our Environment
- 8 Supporting Rural Communities and Remote Farming

We have excellent relations with Defra and so far they have valued a collective view as reflected in Annex A to the Consultation where the Uplands Alliance's work is highlighted.

Below is our response and we are also writing directly to Minister Eustice summarising our key points. We know he and his staff are actively working on how to support the uplands and we maintain close relations with them.

*The Uplands Alliance Steering Group*

*May 2018*

## Chapter 3: **An 'agricultural transition'**

### **Consultation questions**

What are the factors that should drive the profile for reducing Direct Payments during the 'agricultural transition'?

The Uplands Alliance supports the phasing out of Direct Payments as they do not encourage active management of the uplands to deliver value to society. Transition is though challenging and during this period government needs through financial support to send the message to upland farmers and land managers that they are valued for the delivery of public benefits alongside food production. The impact of reducing Direct Payments on the delivery of public benefits in the uplands during the agricultural transition will depend on how farmers engage with Pillar 2 schemes so Direct payments cannot be considered in isolation. We urge Defra to model the impacts of the different approaches to reducing direct payments on the delivery of public benefits. In the uplands Direct Payments and Pillar 2 schemes are often equally important. Of great concern to the Uplands Alliance is that 34% of the uplands area will come out of HLS/UELS by 2021.

The financial viability of these businesses and delivery of environmental outcomes and other public benefits is hence at risk as we know the transfer rate to CS is low for the uplands. What we require is an alternative that provides at least the same level of public support to uplands businesses as at present but in a way that maintains and enhances public benefits unlike current Pillar 1 payments.

How long should the 'agricultural transition' period be?

This depends on how and when the new land management schemes are introduced. What society cannot afford is for upland farms to disengage with the delivery of public benefits, which is a real risk if an effective and implementable alternative to the current CS arrangements are not introduced with some urgency. We urge Government to avoid a void and to take the time to integrate the phasing out of direct payments with the introduction of a new land management scheme focused on public benefits that allows farmers to earn at least as much as from the delivery of public benefits as from the combined current Pillar 1 and Pillar 2 schemes. The transition needs to be long enough to allow this to be a reality and may require some interim transitional support e.g. by not phasing out Pillar 1 in the uplands at the same rate as in other areas that have other alternative income streams.

## Chapter 4: **A successful future for farming**

### **Consultation questions: Farming excellence and profitability**

4.1 How can we improve the take-up of knowledge and advice by farmers and land managers? Please rank your top three options by order of preference:

- a) Encouraging benchmarking and farmer-to-farmer learning
- b) Working with industry to improve standards and coordination
- c) Better access to skills providers and resources
- d) Developing formal incentives to encourage training and career development
- e) Making Continuing Professional Development (CPD) a condition of any future grants or loans
- f) Other (please specify) **Provision of direct one-2-one advice on farm**  
This should be from an advisor that the farmers trusts and who understands the interaction between farming and optimising environmental outcomes taking a place based approach. Good personal relations between an advisor and a land manager with continuity of service are proven attributes of delivering multiple outcomes on the same land.

4.2 What are the main barriers to new capital investment that can boost profitability and improve animal and plant health on-farm? Please rank your top three options by order of the biggest issues:

- a) Insufficient access to support and advice
- b) Uncertainty about the future and where to target new investment
- c) Difficulties with securing finance from private lenders
- d) Investments in buildings, innovation or new equipment are prohibitively expensive
- e) Underlying profitability of the business
- f) 'Social' issues (such as lack of succession or security of tenure)
- g) Other (please specify)

Uncertainty is a major issue for hill farmers who require to take the long view to planning e.g. establishment of hefted flocks, suckler herds and restoration of natural habitats. A significantly higher proportion of upland farm income comes from government support (pillar 1 and 2) than for other types of farms. Not only is there post Brexit uncertainty but in the short term uncertainty is a major worry due to the major level of expiries of HLS/UELS schemes. 34% of our uplands area will exit Environmental Stewardship schemes by 2021.

Farm profitability is a complex and emotive subject in the uplands. The UA recognise that sheep and beef production rarely produces sufficient income from sales of meat and wool to provide an adequate return on the assets of labour and land invested. But this is only part of the story as good land management by farmers, moorland owners, and woodland owners produces a large amount of public benefits that cannot be sold in the market place e.g. wildlife, carbon, clean water, landscape and access.

It is also important that economic data reflects accurately the allocation of costs and benefits. Lamb and beef enterprises are often presented as negative but part of this poor performance is due to outputs being reduced due to being in environmental schemes but the costs are all placed against these outputs. As agri-environment schemes are for income foregone costs should be set against the receipts from beef, lamb and Pillar 2 payments to give a truer picture of the agricultural business income.

While farmers could and should examine costs and return and adjust their systems of lamb and beef production to optimise profits from these areas. However, in most cases this may still fall short of producing the vibrant businesses we seek to foster. We consider that land management businesses are often not profitable due to the failure of society to properly incentivise and reward the delivery of public benefits.

Social Issues: These relate to land tenure and finances as much as social issues. Young innovative farmers often do not have the capital to tender for a farm against more established businesses looking to expand and deliver economies of scale. Incentives to encourage landlords to let to young people on terms that are long enough to reap a reward for investment.

#### 4.3 What are the most effective ways to support new entrants and encourage more young people into a career in farming and land management?

Share farming and small farm units that do not require too much capital will encourage new entrants and young people to take on units. Part of the solution will be enabling elderly farmers to retire with dignity to allow new entrants though this does need to be done in a way that leaves viable farms for young people to take over.

## Consultation questions: Research

4.5 What are the priority research topics that industry and government should focus on to drive improvements in productivity and resource efficiency? Please rank your top three options by order of importance:

- a) Plant and animal breeding and genetics
- b) Crop and livestock health and animal welfare
- c) Data driven smart and precision agriculture
- d) Managing resources sustainably, including agro-chemicals
- e) Improving environmental performance, including soil health
- f) Safety and trust in the supply chain
- g) Other (please specify)

4.6 How can industry and government put farmers in the driving seat to ensure that agricultural R&D delivers what they need? Please rank your top three options by order of importance:

- a) Encouraging a stronger focus on near-market applied agricultural R&D
- b) Bringing groups of farms together in research syndicates to deliver practical solutions
- c) Accelerating the 'proof of concept' testing of novel approaches to agricultural constraints
- d) Giving the farming industry a greater say in setting the strategic direction for research funding
- e) Other (please specify)

Learning by example?

4.7 What are the main barriers to adopting new technology and ideas on-farm, and how can we overcome them?

The primary barriers we have identified are uncertainty about the future, lack of confidence and a fear of failure with resulting impact on the business and peer pressure.

## Consultation questions: Skills

4.8 What are the priority skills gaps across UK agriculture? Please rank your top three options by order of importance:

a) Business / financial

b) Risk management

c) Leadership

d) Engineering

e) Manufacturing

f) Research

g) Other (please specify) Analysing and taking forward diversification opportunities

Please give a short explanation of your ranking preferences:

*We do not agree with the requirement to rank.*

## Training & Learning

All four workshops the Uplands Alliance held recognised the need to improve our evidence base and monitor change to demonstrate and optimise the delivery of public benefits. Furthermore in three workshops the need to enhance the skills of farmers, advisors, agencies and NGOs was recognised as was the benefit of farmer2farmers knowledge transfer to improve practice and outcomes.

Strong co-ordination is essential to the success of post-Brexit agricultural policy and farm advisers are well placed to play a role as key facilitators. This requires resources for facilitation and leadership, to manage conflict, personalities and communicate effectively.

Local knowledge and understanding are critical to success. With changes to agri-environment schemes and direct farm payments, farm advisers have the expertise and experience to help guide land managers through these changes and will recognise the particular local challenges and circumstances farmers face. They:

- Have the potential to play a key role in coordinating farm management to increase yields, while also delivering ecosystem services, including protecting the environment and maximising natural resources such as biodiversity, water resources, iconic landscapes and carbon storage.

- Often draw on considerable experience of working with farmers across geographical areas e.g. through Commons Agreements and are well placed to develop landscape-scale activity.
- Have skills that can help in planning farm succession and diversification strategies.
- Are often aware of funding opportunities which can allow farmers to adopt or trial alternative strategies or technologies.

Advisors can support farmers to benefit from post-Brexit opportunities:

- Helping farmers recognise that payment for ecosystem services or public goods is not just about environmental change but fundamental to business management.
- Promoting practices with potential win-wins for both the environment and business by linking to the farmer's 'bottom-line' need for farming efficiency.
- Informing researchers about which practices fail and which are likely to be adopted.
- Helping to adapt advice for early and late adopters.
- Drawing on their expertise and experience to evaluate what works and check the robustness of data.
- Identifying farmers' wants and needs and understanding how they align with those of industry, government and society.
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## Chapter 5: Public money for public goods

### Consultation questions

5.1 Which of the environmental outcomes listed below do you consider to be the most important public goods that government should support? Please rank your top three options by order of importance:

a) Improved soil health 3

b) Improved water quality

c) Better air quality

d) Increased biodiversity 2

e) Climate change mitigation

f) Enhanced beauty, heritage and engagement with the natural environment 1

Please give a short explanation of your ranking preferences:

*We do not agree with the requirement to rank.*

All these are important outcomes that the government should support. While there are some private benefits from improved soil health there are also many public benefits from improving soil health in the uplands. These included improved attenuation of water that mitigates downstream flow and improves water quality as well as carbon storage and soil biodiversity.

The Uplands Alliance strongly supports payments for a broad suite of public benefits. We would be against proposals for a narrow ELMS that for instance paid only for biodiversity, carbon and water as it would:

- fail to engage farmers,
- fail to protect the full range of public benefits society values from the uplands and
- is unlikely to pay a sufficient amount to enable uplands businesses to flourish.

We recommend that government works closely with trusted advisors of farmers and land managers to encourage them to adopting the premise that the production of public benefits – e.g. being green - will bring financial benefits to their businesses and reduce the risk of being in the red. I.e. producing public benefits is a form of risk management that supports sustainable livestock production rather than being in contravention to it. Farmers will need convincing that new schemes will be straightforward and sufficiently flexible to apply for and pay promptly. CS will have done much

to damage farmers' confidence in environmental schemes and the new land management scheme needs to be a step change in building trust between those who manage our land and society but such changes take time. We recommend government invest in advice to shift the perception among farmers so they feel confident that the outputs from their farms can be more than lamb and beef.

There are 70 million visits each year to the uplands and the total spend on Pillar 1 and Pillar 2 to upland businesses is ~£230 million. Government support is therefore less than £3.30/ visitor which we consider good value and this is without valuing all the other benefits the upland can and could deliver. We consider more that there should be more investment in engaging the public about uplands land management whether farming, woodlands, moorlands, water provision or conservation. If you don't know 70% of England's drinking water comes from the uplands why would you care how it is managed.

5.2 Of the other options listed below, which do you consider to be the most important public goods that government should support? Please rank your top three options by order of importance:

- a) World-class animal welfare
- b) High animal health standards
- c) Protection of crops, tree, plant and bee health
- d) Improved productivity and competitiveness 3
- e) Preserving rural resilience and traditional farming and landscapes in the uplands 2
- f) Public access to the countryside 1

Please give a short explanation of your ranking preferences:

*We do not agree with the requirement to rank.*

The proposal is to use public money to enable the delivery and provision of public benefits as listed above under 5.1

It is therefore of primary importance that public access to the countryside is enhanced and well managed so that the public can enjoy and better understand the uplands and improve their health and well-being.

Rural resilience is our second priority as a well managed landscape with vibrant businesses not only delivers our landscapes of national importance

but allows land managers to deliver public benefits – you can't be green if you're in the red. The reason 70 million visitors come to England's uplands is because they love the landscape which has been shaped by man's management of a range of distinctive spectacular natural environments. It is worth noting that the Lake District has received international recognition of the value of its cultural landscape by being designated as a World Heritage Site. Our other National Parks and AONBs are also of national value. These values will not be maintained unless schemes are actively targeted to support this cultural heritage as well as environmental assets.

Our third priority is to support improved productivity as too often upland farmers do not understand what activities generate funds and where the costs arise. We know from the Farm Business Survey that there is a huge difference between the top 25% of businesses and the bottom 75%. If farmers are assisted through incentives to be more analytical and improve productivity there will be benefits for the economy, their well being and the environment.

### 5.3 Are there any other public goods which you think the government should support?

In addition to those public benefits listed in 5.1 and 5.2, Government needs to:

- protect and enhance the historic environment
- support farming systems with a cultural heritage value
- provide educational access
- actively engage public visitors to the uplands with the benefits it provides

While the Uplands Alliance does not consider food production to be a public benefit as it is sold for a financial return in the market place we strongly recommend that the government should seek the co-production of private goods, such as food, and public benefits as detailed above. What this means is that in the design of schemes we cannot consider one without the other. It is not food or the environment but encouraging farmers to consider the production of environmental benefits to be of equal standing to food as they also produce a commercial return. The balance between the levels of production of different outputs will depend on the specific circumstances of each farm and common.

## Chapter 6: Enhancing the Environment

### Consultation questions

6.1 From the list below, please select which outcomes would be best achieved by incentivising action across a number of farms or other land parcels in a future environmental land management system:

- a) Recreation
- b) Water quality
- c) Flood mitigation
- d) Habitat restoration
- e) Species recovery
- f) Soil quality
- g) Cultural heritage
- h) Carbon sequestration and greenhouse gas reduction
- i) Air quality
- j) Woodlands and forestry
- k) Other (please specify)

6.2 What role should outcome based payments have in a new environmental land management system?

We consider that the focus of payment systems should be on outcomes as the use of general taxation to support the uplands is primarily justified on the basis of outcomes that society accrues as a result of that support e.g. clean water, access to iconic landscapes, biodiverse habitats and high quality food of particular provenance. Furthermore an outcomes approach obliges farmers, moorland, woodland and forest managers to engage with the outcomes rather than focus on specific prescriptions that may, or may not, deliver the outcomes. These land managers can use their skills and knowledge of their land to work out how to optimise the delivery of public benefits alongside private gain.

An example of this is the Dartmoor Farming Futures that has demonstrated how farmers can engage with nature conservation outcomes alongside delivering high quality food and iconic landscapes. Another example are the payments by results pilots in the Yorkshire Dales, one run by Natural England

and the National Park and another run by the National Trust.

One way the outcomes approach can be beneficial is that it develops trust and once trust has been established then ownership of outcomes can be developed. We suggest that instead of onerous submission of evidence alternative approaches of self-assessment and the use of assessors trusted by agreement holders is considered to support this process.

However, directly linking payments to specific outcomes ("payment by results") can be problematic. For example, schemes are costly to monitor, farmers may be exposed to unnecessary risk if a natural disaster prevents them from meeting agreed outcome, or well-organised NGOs and large landowners could out-compete small individual farmers when competing for payments to deliver a public good. Safeguards need to be in place to guard against these possibilities.

In short due to the complexity of the upland countryside, the number of benefits being provided and the complex land tenure there will always be challenges but with access to good data and trust between land managers and society public money can be spent more wisely to better effect.

6.3 How can an approach to a new environmental land management system be developed that balances national and local priorities for environmental outcomes?

The Uplands Alliance recommends future schemes take a place based approach so that an agreement focuses on the specific features and assets of each location in a nested approach. So for instance each National Park has distinctive characteristics, with different valleys and dales having defining features. Then at the farm or common level each unit will be able to offer an individual suite of benefits. Natural England has prepared National Character Area statements and these are a useful starting point for meeting to combine both local and national priorities. This information plus that from MAGIC should be complemented with local level participative planning such as with Dartmoor Farming Futures and Wensleydale Payments by Results pilot to optimise outcomes for each location.

A range of tools can be used to prioritise delivery and spending including asking the public through choice experiments to select the public benefits they prefer and these can be integrated into scheme design produce menus for farmers to build up an agreement from. In a smart scheme spending can be adjusted according to the scarcity of the resources and the demand for the public to deliver that outcome. Such sophisticated approaches will become more realistic as technology develops with the ability to target spending to a fine spatial scale. The challenge is ensuring data sets are up to date and complete as too often at the moment the paucity of data on say MAGIC excludes people from schemes.

#### 6.4 How can farmers and land managers work together or with third parties to deliver environmental outcomes?

While farmers are used to collaborative working on many matters e.g. management of common land we consider greater targeted government support is required to enable collaborative working to occur on the delivery of public benefits at a landscape scale which is a new concept in the uplands. These include farmer networks e.g. in Cumbria and the Yorkshire Dales, in Dartmoor and in Exmoor. These encourage farmers to learn from each other, facilitate group working and provide skills and training. Support for such groups would pay dividends. Furthermore 38% of moorland is common land and most commons are in stewardship schemes that require joint working but this too requires investment of time and resources.

The Uplands Alliance supports landscape scale delivery as many public benefits whether natural heritage or cultural heritage are better delivered at a landscape scale. It is therefore in the public interest to help farmers to collaborate and to meet the transaction costs for doing so. Collaboration doesn't just happen and facilitation is required which is both an upfront cost before benefits are accrued and also an ongoing additional costs that requires paying for.

An additional option, which could be combined with government support, is to supplement public funding for the provision of environmental benefits from peatlands with private funding via Payments for Ecosystem Services schemes, such as the Woodland Carbon Code and the Peatland Code. Place-based schemes have the potential to integrate payments for multiple services and habitats to provide payments at higher levels over longer periods than may be possible under government support schemes. Demand is currently low but this could be encouraged in the future.

#### 6.5 Do you have any further comments?

Please see our response to chapter 8 on the uplands

## Chapter 8: Supporting Rural Communities and Remote Farming

### Consultation questions

8.1 How should farming, land management and rural communities continue to be supported to deliver environmental, social and cultural benefits in the uplands?

We know from the Commission on Rural Communities' (CRC) 2010 report 'High Ground, High Potential' that the challenges in the uplands are not new, in many ways they are as old as the hills. Our leaving the CAP provides a real opportunity to adopt the policy recommendations of the CRC. A key factor to consider is that upland farming businesses are often financially marginal and are therefore most at risk from changes in livestock prices and government support. At the same time they produce disproportionately more public benefits than most lowland farms so both farmers and society have much to lose if we do not get future policy right. We need to model the impacts of proposed future options on both farm economics and public benefits.

We consider there are five factors we need to deliver environmental, social and cultural benefits in the uplands. Government support for uplands businesses and communities could adopt these as targets to underpin improved outcomes. They are:

1. Thriving Uplands businesses
2. Responsible, active custodians
3. Public awareness and pride
4. Investment in return for public benefit
5. Collective action

People running land management enterprises in the uplands produce, when the land is well managed, a wide range of benefits and services – see our infographic on England's Uplands. The Uplands Alliance is supportive of the government's view that public money ought to be paid for the delivery of public benefits. If the suite of public benefits paid for is wide enough then we consider that there should be a single land management scheme offered that would offer an integrated approach to the uplands. We consider this preferable to a basic ELMS with a separate top up scheme for the uplands. The reason is that farmers and other land managers will then look at land management in the round integrating farming and other benefits rather than placing ecological goods and services in a separate box as has been the case for the last 30 years.

As mentioned above we are concerned that limiting contracts to a narrow range of public benefits will fail to secure vibrant businesses nor the additional benefits of landscape, cultural heritage and public access for which the

uplands is much valued. While changes in business structures will occur we need to provide timely and appropriate opportunities for businesses to adopt a new approach that offers a fair rate of return to businesses and voids the void in support on which the delivery of public benefits is predicated.

We also through Upland Alliance workshops concluded that special attention needs to be paid to common land. Not only are approximately 1/3 of hill farmers active commoners but common land is most important for public benefits given 21% of our SSSI are common land and 39% of our open access land. Schemes that are designed for enclosed land are not suitable for commons as it is difficult to retrofit such scheme to cater for the specific circumstances of commons. Attention needs to be paid to developing shared visions, negotiating complex tenure and balances of power between multiple parties and the fair distribution of funds.

Similar comments also apply to the tenanted sector and of particular concern to commoners and tenants is that their legal rights may not extend to for instance trees and undertaking capital works so there is a risk they will not be able to access payments for all the public benefits. We suggest that the Defra economists in their modelling of the impacts of new schemes on farm businesses need to give particular attention to the impact on tenants and commoners; who will receive the benefits of the changes in support and who will bear the costs.. Many commoners are tenants as well.

The Uplands Alliance held workshops engaging over 300 people in 2016/17. Three points arose at all four workshops regarding the design of future schemes:

1. The programme should be available to all England's uplands
2. Schemes should incorporate and respect local distinctiveness
3. An emphasis on delivering outcomes rather than prescribing actions

Other points that occurred in at least two of the workshops were the need to empower farmers to deliver agreed environmental outcomes as part of their business, that scheme administration should be simpler and pay promptly and that payment rates should reflect activity, costs and outcomes.

Considering the detail the Uplands Alliance suggests that future environmental delivery schemes should have the following characteristics:

- 1) Facilitate Collaboration; both
  - a) with farmers involved in designing and monitoring schemes, and
  - b) between farmers in scheme delivery (e.g. through 'farm clusters')
- 2) Deliver improved public benefits which (as far as possible) are outcomes/ results based
- 3) Simple to understand and effectively monitored to ensure delivery of desired outcomes. Face to face advice to co-design and support delivery is required with training as required, for example, self-assessment of results
- 4) Flexible for users
  - a) allowing for different levels of participation where payments reflect level

- of delivery, and
- b) encourage increased delivery over time
  - 5) Advice and support readily available and face-to-face, e.g. through locally based advisors / liaison officers
  - 6) Shared understanding of achievements being sought, e.g. through a shared vision, agreed objectives, priority outcomes etc.
  - 7) Payments linked to value of public benefits provided rather than income foregone
  - 8) Integrated with the farm business
  - 9) Works across a range of land tenures including tenanted land and commons

8.2 There are a number of challenges facing rural communities and businesses. Please rank your top three options by order of importance:

- a) Broadband coverage
- b) Mobile phone coverage 1
- c) Access to finance
- d) Affordable housing 3
- e) Availability of suitable business accommodation
- f) Access to skilled labour 2
- g) Transport connectivity
- h) Other, please specify

Please give a short explanation of your ranking preferences:

*We do not agree with the requirement to rank.*

It is difficult to pick only three but we have chosen mobile phone coverage over broadband as many remote areas now have local solutions for broadband but remain totally dependent on the major companies for mobile phone coverage.

Land management in the uplands requires multiple skills and the toughness to operate in physically challenging conditions for a low financial return. We need to improve the offer and excite the next generation to commit to actively managing the range of benefits the uplands provides.

The uplands are intrinsically remote and transport is poor meaning affordable housing near to the place of work is needed. Most upland areas are highly desirable as retiree or second home destinations and therefore specific provision needs to be made for those working locally whether in land management or other local businesses.

8.3 With reference to the way you have ranked your answer to the previous question, what should government do to address the challenges faced by rural communities and businesses post-EU Exit?

Rural Vitality is critical to vibrant and healthy upland communities and we consider that investment measures should be offered to upland communities to encourage this. We would recommend a LEADER style approach but without the unnecessary bureaucracy and evidence requirements of the current version instead ensure proposals are assessed carefully by local staff and committees and then delivery closely monitored. We recommend that Defra also pay attention to the finds of the House of Lord's recent report on the NERC Act and how rural communities can be better supported.

As mentioned above we recommend Defra deliver on the recommendations of the CRC's report High Ground, High Potential and ensure that the natural assets of the uplands are managed in harmony with upland businesses through an integrated uplands strategy to empower communities to maximize their economic and environmental potential.

8.4 Do you have any further comments?

The Uplands are too often perceived as a contested area with many different and opposing views on how the uplands should be managed. There are differences of view but the four workshops we held exposed substantial common ground between diverse stakeholders There was broad agreement that:

1. Public money to be focused on delivering and enhancing public benefits
2. Future support must integrate land management with the needs of businesses and communities
3. While farming is the predominate form of land management currently covering 70% of the uplands it is not the only type of land management. Forestry, water provision, carbon stewardship, management for wild game and conservation interests are also important land uses.
4. Adopting a landscape scale approach is important.
5. We need to better communicate between different sectors, with policy makers and the public both those who visit the uplands and wider society