

Creating a Brighter Future Project

Notes from the
Hill Farmers Workshop
 held on 18th March 2019,
 in Nobel House, London

Aims for the Workshop

- To enable hill farmers to contribute to the development of Defra's future farming policy and assess the likely impacts of emerging policy on upland farming, including consideration of the livestock production trade and the delivery of public benefits.
- To identify how hill farmers can best contribute to the development of ELMS.
- To assist the UA in reaching out to support hill farmers through this period of transition.

Attendance

- Julia Aglionby, Nigel Stone and Simon Thorp represented The Creating a Brighter Future Project.
- Staff from the Future Farming Team and the Environmental Land Management Team represented Defra.
- Nine hill farmers from different parts of the English Uplands attended the meeting. Some were owner-occupiers and some were tenants, and they represented a range of farm sizes.

Name	Region
Emma Spry	Borders and North Pennines
John Atkinson	Lake District
Rob Myers	North York Moors
Peter Dowsland	
Jane Bassett	Peak District
Tom Lloyd	Welsh Borders / Shropshire Hills
Dave Knight	Exmoor
Russell Ashford	Dartmoor
Layland Branfield	Dartmoor / Bodmin Moor

INTRODUCTION

- The Prince's Countryside Fund is funding the project and the support of this fund was gratefully acknowledged.
- The meeting represents the first part of the CABF project.
- The next step will be to offer to organise small meetings with hill farmers, building on the contacts established for this workshop.
- If there is demand, the meetings could be followed by a survey circulated amongst hill farmers to gather views from a wider audience.

PART ONE - BEST HOPES & WORST FEARS OF HILL FARMERS

Each hill farmer was invited to outline one ‘best hope’ and one ‘worst fear’ from the development of national arrangements to succeed the CAP. The table summarises the points that were made.

Best Hope	Worst Fear
<p>Recognition through a simple scheme will be given to:</p> <ul style="list-style-type: none"> • the value provided by upland farmers, • The cost of keeping livestock, and • the benefits provided by grazing management. 	<p>As a result of having the wrong policies in place, the uplands go downhill and the next generation of farmers become disillusioned and go elsewhere.</p>
<p>The new arrangements will appreciate High Nature Value Farming and look after the farming families who manage the land.</p>	<p>The loss of hill farmers, upland communities & the associated skills – tenant farmers are particularly vulnerable if sheep values drop.</p>
<p>Recognise the value provided by:</p> <ul style="list-style-type: none"> • hill farmers, and • their beef & sheep enterprises; <p>the funding associated with this value must pass to the person doing the work - not the Landlord.</p>	<p>Unrestricted beef & lamb imports, produced with low management standards, could capture the market and bankrupt hill farmers. Important to maintain high production and welfare standards and to train the next generation to maintain these.</p>
<p>A larger share of the funding from any new schemes go to the active farmer; currently, the Landlord’s share is too large.</p>	<p>The next generation is drawn away by higher wages elsewhere leaving the current farmers without successors (training, support, and grants are required for the next generation).</p>
<p>There will be a move away from a climate of fear; currently, as a result of relying on payments to keep the business viable there is a fear of penalties for getting it wrong.</p>	<p>NGOs & environmental bodies do not recognise negative impact they have had on the uplands over the last generation.</p>
<p>There will be an opportunity to measure success and long-term sustainability of farming practices</p>	<p>Timing of support payments continue to be late and undermine farmer confidence in the new arrangements - funding must be provided on time.</p>
<p>The new system will support hill farmers and allow them to run successful businesses that will maintain the uplands.</p>	<p>Farmers will not be listened to and their ability to enhance the beauty of uplands will be lost.</p>

The value of British beef and lamb will be recognised and it will be shipped far & wide to obtain a better price & a better return for the farmer.	Restrictions that prevent the value of beef and lamb being recognised – with reference to the potential negative impact of unfair tariffs.
The ability of the RPA to impose penalties will not be carried forward into the new scheme.	Having financial penalties imposed for allowing scrub to develop in parts of the farm, as a result of encouragement under an environmental scheme.

Discussion

Overview

- Farmers want to have pride in their work and be given the opportunity to demonstrate their business management and stock production skills.
- The new scheme must allow hill farmers to retain satisfaction in the job.

Succession

- New entrants want to earn money from farming – not from grants.
- Many farms are not making enough money to pay the next generation – they have to work off the farm to earn any money.
- If the next generation cannot make money from farming, they will go elsewhere.
- Small, starter farms would allow new entrants to develop their skills and build some capital that would allow them to move to a larger farm in due course.
- A landlord was quoted as saying that starter farms are “more trouble than they are worth”.

Financial Pressures

- Many farmers are working very hard – doing several jobs just to stay on the farm.
- Double income can be required just to pay off loans.
- The time required to run several businesses does not allow the time to develop the farm.
- Income from off the farm may provide the funds to allow the farm business to grow, but other restrictions, for example on stock numbers, can prevent this growth.
- Many farms find it difficult to get away from being “flat broke”.
- At current levels of income, hill farmers are living at subsistence level.

Landlord - Tenant

- Landlords are keeping pressure on farm businesses through rent increases.
 - There was a sense from the discussion that this pressure from Landlords, in the current financial climate, was unfair.
- Tenants need to have the skills to liaise with agents and Landlords to get the best terms.
- In response to the pressure on landowners to deliver environmental benefits, farms that become vacant are not being re-let.
- The landowner is often claiming grants & payments, while doing the minimum amount of management.

BPS

- It was noted that:
 - BPS represents 91% of hill farm profit, before drawings.
 - BPS will be halved by 2025
- This will have a massive impact on hill farmers.
- Currently, farming enterprises are breaking even, and hill farmers are living on the BPS payments.
- To be viable the new scheme, will have to address this loss of income, if hill farmers are to stay in business.

Other Schemes

The Dartmoor Farming Futures was discussed. It has been established as an ecosystem pilot on two commons – 12,000 ha + 1,000 ha and the payment system is outcome based.

Farmers are in control of delivering the agreed output, and are able to test the impact of introducing changes, for example: changing stock numbers and timing.

The aim is to achieve movement towards favourable condition.

Advantages of this type of scheme: is

- The Project Officer is able to be more supportive.
- Commoners are taking back responsibility for management.
- It is a better cultural way of working
- Move away from joint negotiation / agreement
- Redevelop trust.

This better relationship with the Defra Project officer was looked at enviously from people in other regions. The same improved relationship should be established across the country.

Trends in the Tenanted Farm Sector

- Sometimes large landlords / organisations with multiple holdings choose not to re-let viable farms and the trend is to amalgamate or manage the farm in hand.
- In many upland areas, the family farm theme is strong and, with a reduction in the number of holdings, there is a lack of space to introduce the next generation of farmers.
- The next generation could be new entrants to farming or come from existing farm businesses.
- There is a strong connection between sustainable farms and the local community - having fewer, larger farms is detrimental to the community.
- Some concern was expressed about the lack of input by farmers into the development of the ELM scheme – it was considered important that farmers are at the heart of developing and delivering the ELM scheme.

PART TWO - AGRICULTURAL BILL

Future Farming Team, Defra

The Agriculture Bill has been passed by parliament.

It is now in the Report Stage, but held up by Brexit.

The hope is that it will be approved as an Act by December 2019.

The Agricultural Bill is a Framework Bill: it lays out powers in a high-level way.

The Bill aims to achieve an orderly transition from CAP and establish arrangements that are simpler than the Basic Payment Scheme.

The transition period will last 2021-2028 and will take us from where we are now to where we want to be.

Initially, payments under BPS will start to reduce, but additional payments under a productivity grant may become payable.

The Environmental Land Management Scheme (ELMS) will replace Countryside Stewardship / Higher Level Stewardship in 2024.

An Animal Health & Welfare scheme (AH&W) will be introduced.

At the end of the transition period, payments will only be available under ELMS & AH&W.

The feedback to the Health & Harmony consultation made it clear that stakeholders wanted the new arrangements to be as simple as possible.

De-linking

De-linking of existing payments is being considered.

- Initially, payments will no longer be linked to a landholding – the size of the payments will reflect payments made during a reference period.
- There will be no cross-compliance requirements.
- One option will be to continue to receive payments for 7 years or
- Alternatively, take a lump sum payment.
- A decision about when (& if) to start delinking has yet to be made – a consultation about this is proposed – more detail at end of 2019.

Advantages of the delinking approach

- easy to administer
- Farmers get max flexibility
- Farmers able to invest in the farm to prepare for the period after transition, or they may choose to leave the industry.

Other issues

There is a need to make the market work better.

The transparency across the supply chain should be improved so that it is possible to establish where the value is added. A consultation about how this might work is proposed.

Establish what are unfair trading practices so that the abuse of monopoly power to control market is avoided.

The Bill includes powers to meet WTO obligations, and powers to react to a crisis such as the one that arose during the foot & mouth disease epidemic.

Hill Farmers - Questions & Comments

Will transparency powers relate to investigating imports of food?

- It will be important to maintain quality and welfare standards.

What will be the tax status of the lump sum payment?

- The Treasury is supportive of delinking.
- Defra is in discussion to find a way to make it work within tax rules.
- Discounting may be included.

What enforcement measures will be included?

- The new arrangements will be seeking to establish a more proportionate approach.

What will the Reference Period be for De-linked Payments?

- A consultation is being considered to advise the decision about the reference period.
- The test will be whether the adopted approach helps Defra to deliver ELMS.
- The aim will be how to establish how to be as fair as possible, although there is always a risk of creating winners and losers.

Will it be possible to avoid conflict between different schemes?

- For example, one farmer was planting trees under HLS and then being penalised by the RPA for the reduction in grazing area eligible for BPS.

How will the Lump Sum Payment be viewed?

- It will be important to commit to a set date for payment.
- The Foundation for Common land has estimated that likely value of the payment will be in the region of £40,000.
- This will not be enough to retire on but it could support the delivery of an agreed Succession Plan.
- A new entrant relying on the lump sum payment would be unable to compete against larger enterprises.

PART THREE - ENVIRONMENTAL LAND MANAGEMENT SCHEME

ELM payments Team, Defra

Key points:

- Establish a link to Defra's 25-year Environmental Plan – targets: 500,000ha restored land, planting 180,000ha of woodland.
- Seeking to establish a new relationship with land managers using different language.
- Farm businesses to be more sustainable, resilient & profitable.
- Payment for outcomes – the more you do, the more you get.
- Collaborative design – co-design through a tests & trials programme.
- Linking public and private investment.
- The public will be the customer for ELM contracts.
- Contracts will be based on a land management plan and agreed outputs/outcomes – there will be no mapping requirement.
- There is an Advice and Guidance work stream.
- Accessible guidance will be available – e.g. how to deliver environmental outcomes.

- Expert one-to-one advice will be available but might need to be paid for by the farmer.
- Move away from fear of regulation.

Timescale

- 2019-21 – develop, design and test new ideas.
- 2021-24 - large scale pilot.
- 2024-28 - full roll out of ELMS.

Issues from Discussion

There should be no penalty attached to the development of woodland pasture.

It should be noted that commoners / tenants do not have rights over trees.

- If adding to Landlords capital value without benefit, why would a farmer want to do the work?

The ELM scheme is still in the early days and much detail has yet to be developed.

Access can have an impact on habitat improvement.

- Managing access will cost money
- There can be a conflict between the objectives of landlords and tenants.

Management by hill farmers adds value in the form of improving the landscape and maintaining access routes.

The role of grassland needs to be recognised under heritage & beauty.

- It provides great value to communities.

Monthly payments are very attractive

- Regular monthly payments made on time would have significant cash flow benefits.
- The idea of monthly payments will be a big selling point for the new scheme.
- After the last few years experiencing late and no payments, it will be a massive step forward.

The focus of the scheme should not be all about large areas of moorland.

- There are many important smaller areas of moorland.

To maintain the nature conservation value of the uplands, management is required.

The capital value of the uplands must be considered.

- The uplands are one of the biggest assets to the UK.
- A small amount of investment in uplands management by the government will yield much greater benefits.

There will be a possibility for innovation

- To achieve something more than the bare minimum for the environment
- Private funding may have a role to play.

There is some concern about a problem caused by a third party, which prevents the farmer achieving the agreed outcomes.

- How will this be dealt with?
- An example was provided of damage caused by a pheasant shoot, which the farmer has no control over.

Would there be a baseline requirement for entry into ELM?

- The establishment of baseline requirements that all farms will be required to meet is being considered.

The governance of Commons needs to be reviewed.

- Consider the relationship between active and inactive commoners
- Concerns that a few people do all the work, but all the inactive graziers have a share of the money.

Funding for facilitation is likely to be available within ELM.

- Of the 3,800 commoners in England claiming BPS, only about 50% are active.
- A Facilitator could help resolve some of the issues that arise from this.
- To be effective a Facilitator is likely to be:
 - Professional,
 - someone who is outside the grazing body,
 - local, and
 - able to speak farmers language.

Defra should be encouraged to make the new ELMS options available to the upland areas as soon as they possibly can.

- The reduced BPS will hit the fell farms harder than those down the hill.
- Hill farms can offer big wins for Defra's objectives.
- Defra should have the staff and procedures in place to make the application straightforward.
- The application window should be all year round to avoid the pressure on the system when everyone has to apply at the same time.

Will there be any support for rare and native breeds?

- It has been one of the few good things about the current scheme - the little bit extra given for grazing with traditional breeds has helped.
- This support would fit in with supporting the heritage and cultural history of the hills.

PART FOUR - CREATING A BRIGHTER FUTURE PROJECT

Small regional events were suggested to build on the discussion that took place during the workshop

- Discussions with small groups of hill farmers (no more than 20) would work well.
- The events need not be standalone – they could be part of another organisation's event / meeting.
- The presence of a Defra representative would add considerable value and make the event / meeting more attractive to hill farmers.

Some discussion took place about how best to engage with hill farmers about ELMS.

- There was support for the concept of a survey – a draft survey could be discussed during the regional meetings.
- It should be kept short and simple.
- As far as possible responses should be box ticking.
- The survey would provide information for hill farmers and for Defra.
- The survey could address the questions of where are we now and where are we going.

Farmers Guardian have offered to help with the promotion of a survey.

- Auctioneers might also be willing to promote the survey to their clients and at marts.

OVERALL CONCLUSIONS

The hill farmers were encouraged by the discussion and felt that they were being listened to.

- They had felt divorced from the previous system.

Getting away from the fear factor is important.

With the right support, farmers will be willing to put energy into both the farm and the environment.

Should there be a cap on the size of payments to a single business?

- The current concept is that the more you do, the more you get paid.

There were concerns about the level of payment under ELMS.

- If the new payment is less than that received under BPS, ELMS will not be attractive to a farm is already doing everything right.

PROJECT GOVERNANCE

It was agreed that contact details for all the hill farmers who attended the meeting would be shared between the hill farmers. Continuing dialogue after the meeting could be beneficial.

PROPOSED PROGRAMME

18 th February	Hill Farmer Workshop, London.
1 st – 12 th July	Local meetings with small groups of hill farmers and a Defra representative (6-10 meetings in total)
Aug – Sep	Hill farmer survey (if demand exists)