

## Briefing

# An introduction to food and farming

### November 2024

**What we eat and how we produce it has a profound impact on nature, the climate and rural communities. Seventy per cent of UK land is farmed, meaning farmers are vital to feed the country, but also to restore nature and cut greenhouse gas emissions. They must be well supported to change their practices and remain resilient in a time of environmental crisis.**

Farming in the UK is in a period of change. Following Brexit, England is moving to a new system for funding agriculture, the Environmental Land Management scheme (ELM). At the same time, global instability and volatile weather is leading to an increased focus on domestic food security, whilst supermarkets want more for less from farmers and do not pass on a fair share of their profits.

But we are also in the midst of a once in a generation opportunity to transform the way we produce food, putting people and the environment at the heart of farming policy. We can ensure farmers are paid fairly for their work, that big companies act responsibly and that we harness the power of nature rather than harming it.

#### **Food and farming key facts**

- Climate change and biodiversity loss are the greatest threats to domestic food security. Agriculture is responsible for 12 per cent of UK greenhouse gas emissions and is decarbonising slower than other sectors.
- The UK has 209,000 farm holdings, using 17 million hectares of land. The average UK farm is 82 hectares, but almost half of farms are less than 20 hectares.
- Lowland grazing livestock farms are the most common farm type, but cereals use the most land
- In England, over half of farms are owner-occupied, with 31 per cent of mixed tenure and 14 per cent wholly tenanted.
- Agriculture contributed £13.7 billion to the UK economy in 2023 and employs 462,100 people, 1.4% of the UK workforce.

**Sources:** [Defra's 2024 Farming evidence pack](#); [UK food security report](#)

## The basics

### What is the Environmental Land Management (ELM) scheme?

ELM is the new system for paying farmers in England. It rewards farmers for delivering public goods - like storing carbon on their land, nature restoration and public access - rather than offering 'basic payments' based on the amount of land they manage, as the previous EU support scheme did. This means funding should be spent more fairly, rather than [half](#) of payments going to the largest ten per cent of landowners.

ELM is made up of three schemes: the Sustainable Farming Incentive (SFI), Countryside Stewardship and Landscape Recovery. The first is the entry level scheme, incentivising small scale actions with small scale payments, whilst the other schemes offer more funding in return for more ambitious environmental work.

The shift towards ELM is known as the 'agricultural transition', set out in the Agriculture Act 2020. It began in 2021 and will continue until 2027. By 2027, all payments based on the EU scheme will have been replaced by alternatives under ELM. Similar processes are taking place in the devolved nations, though each is managing the transition differently. Farmers can also access government [funding](#) for specific purposes, such as improving slurry storage or improving animal welfare.

### How much do farmers earn?

Many farmers in the UK struggle to make a decent living. In recent years they have been hard hit by successive poor harvests, outbreaks of diseases like bluetongue and a growing unfairness in the supply chain that means others profit from the food they produce, while they are paid poorly for it.

Some types of farms struggle more than others to turn a profit. The latest farm [data](#) shows the average income of lowland grazing livestock farms last year was £17,300. Without basic payments, these farms would have taken home an income of just £6,600 on average. To survive, these farms must increase their income from ELM to replace their basic payments support. Changes to the supply chain are needed to ensure supermarkets and large agribusinesses pay fairly for produce and support farmers to become more sustainable.

Some farmers already make significant profits. Those on moderate to high quality agricultural land, like cereal farms, are profitable from food production alone. Under ELM, these farms will receive less financial support from government, with money redistributed to other farms via ELM schemes.

### How can we increase food security?

Food security and a healthy natural world go hand in hand. The Department for Environment, Food and Rural Affairs' (Defra) [Food Security Report](#) identifies climate

change and biodiversity loss as the greatest threats to UK food security. Without healthy soils and thriving pollinators, farmers cannot produce the food we need and will become increasingly reliant on expensive fertilisers and other inputs.

In addressing concerns about food security, the UK government must support farmers to transition to more sustainable methods, safeguarding the future of farm businesses and domestic food production from an increasingly volatile climate.

If a spatial approach is taken to ELM – including supporting land use change on land poorly suited to growing food – the UK can create more habitats, lock up more carbon and boost wildlife numbers on and around farms. Just [one per cent](#) of calorie production in England occurs on the least productive ten per cent of farmland, so major changes to land use can be made with little impact on food production

### **What impact is climate change having on farmers?**

Climate change is already having a huge impact on food production, both in the UK and overseas. Shortages on supermarket shelves in recent years have been caused by [wet weather](#), [heatwaves](#), and increased [pests and diseases](#), whilst extreme weather overseas has reduced imports.

Food production in the UK is expected to be significantly reduced in 2024, following the wettest 18 months since records began in 1836. This year, England [will have produced](#) 26 per cent less wheat than in 2023. Research from the Energy and Climate Intelligence Unit (ECIU) [suggests](#) the wet winter of 2023-24 has reduced the UK's ability to feed itself by nearly a tenth.

### **How can we secure more funding for farming?**

It was positive to see the farming budget maintained in the 2024 autumn budget, including a 38 per cent increase in funding available for ELM. With a tough economic backdrop, this is reassuring and recognises the farming budget's importance to delivering government priorities.

Now the government needs to ensure it secures additional long term funding at the spring multi-year spending review, to guarantee ELM has sufficient budget to ensure stable farm livelihoods whilst delivering on its nature restoration, climate change and water improvement targets. To do this, it is crucial that Defra demonstrates that ELM offers good value for money. Many of our recommendations below address this.

## **Issues in focus**

### **Action to clean up water must look at farming too**

Forty per cent of waters in England [fail to achieve](#) 'good ecological status' due to pollution from agriculture and land management. This is more than the 36 per cent which fail due to sewage and wastewater. Run-off of fertilisers and manure from farmland, leads to a harmful level of nutrients - like nitrates and phosphorus – polluting waters.

Intensive livestock and poultry farming puts significant pressure on some waters, such as the [River Wye](#). Despite much of the river valley being protected for nature, chicken excrement from intensive poultry units is running off into the headwaters of the river leading to a major increase in phosphorus levels, breaching legal limits. The Environment Act set a legally binding [target](#) to cut nitrogen, phosphorus and sediment entering the waters through agricultural pollution by ten per cent by 2028, and 40 per cent by 2038. The Office for Environmental Protection's 2023 [progress report](#) found there were no adequate plans to deliver this. The [Farming Rules for Water](#), which should prevent agricultural pollution, contain too many loopholes and Defra is currently [being investigated](#) over the lawfulness of its advice enforcing the rules.

In response to public outrage at the poor state of British waterways, the government has made cleaning up rivers, lakes and streams a top priority, [including](#) tackling pollution from farms. Given the complexity of reforming the water industry, supporting farmers to stop animal waste, fertiliser and pesticide pollution running into our waters will yield quicker results, whilst work to stop sewage pollution is ongoing.

### What should the government do?

- Use the rapid review of the Environmental Improvement Plan to produce a clear delivery pathway for water quality targets under the Environment Act.
- Close loopholes in the Farming Rules for Water, which currently allow rules on the spreading of poultry manure on farmland to be breached. Commercial megafarms are effectively ignoring the rules in places like the River Wye.
- Continue the Slurry Infrastructure Grant scheme and Farming Equipment and Technology Fund, which supports farmers with high upfront costs to reduce their impact on waterways.
- Require large companies to publish annual strategies for preventing water pollution throughout their supply chains. None of the [ten largest](#) agribusinesses in the UK have public strategies capable of preventing water pollution, despite the 144 million animals in their supply chain, producing the equivalent of more than twice the human excrement produced by the UK's ten largest cities.

### Boost farm incomes by boosting ambition

Embracing more ambitious environmental schemes beyond the Sustainable Farming Incentive can unlock additional funding for farmers and help to make their businesses more stable. It also provides better value for money for the taxpayer.

It is positive to see the government promise to reopen Higher Tier Countryside Stewardship and Landscape Recovery in the coming months. There is demonstrable demand from farmers to be part of these programmes. Landscape Recovery was [oversubscribed](#) this year and one in five [applicants](#) to Higher Tier Countryside Stewardship were rejected, with thousands of farmers [signing a petition](#) calling for more capacity in the scheme.

Ahead of these more ambitious schemes being opened, appropriate budget to resource them must be ringfenced. With only the entry level SFI scheme currently open, it threatens to quickly swallow up all of the £1.8 billion Defra has set out for ELM schemes in the next financial year.

SFI cannot provide the least well-off farmers with the income they need to replace basic payments when they end in 2027. In the last year, income from agri-environment schemes has increased by just [four per cent](#) on grazing farms, whilst it has doubled on already profitable cereal farms. Neither can the SFI deliver for the environment, offering no more than [three per cent](#) of the emission cuts needed from the UK's farming and land use sector in the next four years, and [just four per cent](#) of the cuts needed from 2028-32. Studies of [similar schemes](#) suggest it is unlikely to play a significant role in reversing the decline in biodiversity either.

### What should the government do?

- Ringfence funding for Higher Tier Countryside Stewardship and Landscape Recovery schemes ahead of their reopening, to ensure there is sufficient budget to pay farmers for ambitious environmental delivery
- Commit to improving the SFI each year, so that it supports farmers to increase their ambition for the environment over time
- Assess how much farming budget is needed to deliver agriculture's contribution to meeting the UK's legally binding environmental targets. Independent [analysis](#), commissioned by the RSPB, The Wildlife Trusts and the National Trust, suggests the farming budget should be £3.1 billion per year for England.

### Help farmers to help each other

Payments to farmers alone will not deliver the level of change needed to make farming resilient. For many farmers, the agricultural transition is a significant change in both practice and mindset, so advice and help to navigate the change is crucial. Even for those already keen to do more, the 300+ options under ELM can be challenging to navigate.

A dedicated programme of farmer to farmer peer learning can help farmers new to sustainable methods learn from those who have already successfully integrated ELM into the heart of their businesses.

Other farmers are the [most frequently used](#) information source when farmers consider changing their practice, with on-farm demonstrations particularly valuable. This sort of learning builds farmer capacity, capability, social capital and good mental health, supporting an empowered and knowledgeable profession.

Although there are knowledge exchange programmes operating in England, capacity will need to increase as more farmers engage with change. A strategic government-backed programme of farmer to farmer knowledge exchange would help to fill this gap, empowering those who can demonstrate the value of a shift to sustainable farming practices

### What should the government do?

- Acknowledge the importance of peer to peer learning by setting measurable targets for the number of farms taking part in knowledge exchange programmes.
- Create a strategic knowledge transfer fund developing more opportunities for farmers to take part in peer to peer learning.

### Create a national food strategy

Navigating the agricultural transition is one part of a wider shift that must be made in how food is produced, sold and consumed. The status quo is not sustainable, with healthy food unaffordable for too many families, British farmers undercut in trade deals and poorly treated in retailer contracts, and no serious plan to reduce the environmental footprint of the food we eat.

In 2021, Henry Dimbleby published a government-commissioned [National Food Strategy](#). This independent review of the UK food system from field to fork provided an overarching strategy to create a resilient, healthy and environmentally sustainable food system. Recommendations were wide-ranging, from mandatory junk food reporting for large companies and minimum standards on food in trade deals, to strengthening government rules of food procurement and setting clear targets for long term change in the food system. Despite support for the strategy from across the food, health and environmental sectors, the plan was shelved by the Conservative government.

The government should return to Henry Dimbleby's plans and use them as the template for an updated national strategy to transform our food system. This means

tackling difficult questions head on, like fair routes to reducing our meat and dairy consumption.

### **What should the government do?**

- Publish an updated National Food Strategy, building on the recommendations set out by Henry Dimbleby in 2021.

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