

Farming at a crossroads

How farmers
are navigating
the agricultural
transition



Farming at the crossroads: how farmers are navigating the agricultural transition

Authors

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Summary

“

Farmers we spoke to were using agri-environment funding to derisk their food business.”

Farming in England is going through a transformation. Subsidies farmers once received under the EU's Common Agricultural Policy, based on the area they farmed, are being phased out up to 2027. This system is gradually being replaced with a new one of payments for 'public goods', such as flood protection and supporting nature restoration, through new Environment Land Management (ELM) schemes.

Done well, this new policy could dramatically improve the livelihoods of those farming in marginal areas, while helping to meet national climate and nature commitments. It is possible it could make the average farmer better off and distribute funding more fairly, given the previous policy paid over half its funding to the largest ten per cent of landowners.¹ But, at the moment, that is not the case, 65 per cent of farmers are not confident changes to schemes and regulations will lead to a successful future for their industry.²

During 2024, we visited six farms across England to understand their experience of the changes to agricultural payments and what the government could do to support them better. It was clear environmental activities were a key part of all their operations. The farmers we spoke to were using

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agri-environment funding to derisk their food businesses, as this provides a source of income that does not vary with the weather or grain prices, but they were also driven by a passion for nature that went beyond the payments they receive.

The farms were situated in the lowlands and the uplands, and were diverse in type, size and ownership. All saw opportunities in the agricultural transition and, for many, payments through ELM formed a significant part of their income. But they also faced challenges. Some were universal: all of the farmers were struggling with the policy uncertainty, which is making their long term business planning difficult, and they wanted more high quality advice.

However, there were differences too. While arable farms benefitted from a good offer under the Sustainable Farming Incentive (SFI), grazing and mixed farms were not seeing the same level of benefits as the Higher Tier Countryside Stewardship scheme has been closed to applications, and they were grappling with the complexity of getting Landscape Recovery agreements past the development phase.

Other challenges faced by all the farmers, beyond issues with ELM, included high input costs and low sales prices, driven by unfairness in supply chains.

Overall, what we found, though, was that farmers are engaging positively with ELM. This should give the government confidence as it develops the schemes further, but it should respond rapidly to address the undeniable and widespread concerns about the farming industry's future.

The following recommendations to the government are the conclusion of analysis of progress so far and our in depth discussions with the farmers at the frontline of the transition:

Ensure ELM payment schemes work well for all farmers

Provide a plan for how the schemes will evolve, raising the budget to support this evolution by 30 per cent in the 2025 spending review. This will be necessary to clean up England's rivers, help to meet the UK's climate and nature targets and ensure a viable farming sector that can provide vital rural employment and national food security.

Review ELM payment rates to reflect the level of action needed, to deliver and monitor payment schemes and ensure they provide incentives for the right balance of public goods nationally.

Ringfence £1 billion of the ELM budget for the Higher Tier Countryside Stewardship and Landscape Recovery schemes by 2027, which have been slower to scale up. Without this, most of the budget will be spent on the SFI scheme, an entry level scheme which is not designed to support farmers that want to undertake more ambitious nature restoration.

Improve planning, support and guidance

Publish a Land Use Framework to guide ELM spending to areas of the country, particularly national parks, where many farms will need to transform their operations to remain viable.

Establish a Landscape Recovery Taskforce to support projects into the implementation phase.

Properly resource the Rural Payments Agency and Natural England so they can deal with the influx of new SFI and Higher Tier Countryside Stewardship applications and provide adequate guidance.

Increase funding for existing advice schemes, prioritising Catchment Sensitive Farming and extending the Farming Resilience Fund, and initiate a dedicated facilitation fund to support peer to peer learning.

Support the farming industry beyond payment schemes

Regulate supply chains so farmers receive fairer prices for produce and invest in alternative routes to market, which connect suppliers more directly with consumers.

Update the National Food Strategy, including measures which will support a shift in demand towards healthier, more sustainable diets.

Introduction

“

The government must re-evaluate the food system as a whole.”

How land is managed can help, or hinder, progress on many far reaching societal challenges, such as food security, flooding, water quality, climate change and nature loss. The challenge for the government has been to design an agricultural policy that supports farmers to manage their land to make progress on these issues, while continuing to produce food.

Farmers have always balanced food production with space for nature and delivering other environmental benefits. But the frequency and severity of extreme weather events caused by climate change is evidence that this balance needs to shift.³ To avoid becoming more reliant on food imports as climate impacts rise, the government must re-evaluate the food system as a whole and consider policies that enable the industry to produce the food society needs.⁴

In England, the agricultural transition, which runs from 2021-27, is phasing out the area-based subsidies farmers received under the EU-style basic payment scheme. Instead, farmers are now being paid on the principle of ‘public money for public goods’, such as for what they can do for flood management, to improve water quality or support nature, under three Environment Land Management (ELM) schemes. The Sustainable Farming Incentive (SFI) is the new entry level scheme, allowing farmers to choose from a menu of 300 plus funded actions. The existing Countryside Stewardship overlaps with this, so the Mid Tier element has been subsumed into SFI, leaving a standalone Higher Tier Countryside Stewardship scheme which also offers payments and capital grants for more targeted, larger scale nature restoration. Landscape Recovery, the most innovative of the schemes, supports large scale projects of over 5,000 hectares, financed by a blend of public and private funding.

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The government inherited this farming policy, which has had cross-party support.⁵ But, at present, it is failing to live up to its promise to support most farmers, with only 41 per cent feeling positive about their futures.⁶

However, there is something for this government to build on. Many farmers are in favour of the new schemes in principle; 83 per cent of farmers say payments for environmental outcomes will be important to their future business.⁷ And many farms have voted with their feet: the total number of agri-environment agreements has more than doubled from 27,500 in 2020 to 65,400 in 2024 across England's 102,400 farms.⁸ The Higher Tier Countryside Stewardship scheme saw a 55 per cent increase in applications in 2023, compared to the previous year, but more than a quarter were turned away and the scheme has since been closed to applications.⁹ With many farmers already working 65 hours a week, keeping up with haphazard policy development has taken its toll.¹⁰

There are also concerns about whether the schemes in their current form will be able to fulfil their purpose of reducing greenhouse gas emissions or reversing nature decline in line with UK targets.¹¹

In this report, we draw on insights gathered from visits to six farms across England, all actively navigating this transition. The farms were varied in nature, ranging from upland livestock to lowland arable and covering a range of sizes and tenancy types. But they all had one thing in common: though they clearly faced considerable challenges, all the farmers saw opportunities too which, supported by the right policy, they were keen to embrace.

Below we outline the main conclusions from our discussions with farmers before profiling each of the farms in turn. Finally, based on their experiences, we offer our policy recommendations.

Reflections from the ground

“I see myself as 51 per cent conservationist and 49 per cent farmer, while Brian describes himself at 51 per cent farmer and 49 per cent conservationist.”

**Patrick Barker,
EJ Barker & Sons**

“We’ve used SFI to buy us three years of breathing space while we think about the direction we’d like to take the farm in over the long term. But it’s a real challenge given the level of policy uncertainty – we don’t even know if SFI will still be a scheme in three years.”

Ronan Goss, Elm Farm

Our farm visits and discussions with farmers demonstrated that many embrace the agricultural transition. All those we visited were putting climate and nature at the heart of their businesses, adopting more sustainable farming practices and creating areas of habitat on marginal land. They were also all actively driving change within their industry by facilitating peer to peer farmer meetings or through involvement in organisations such as the Nature Friendly Farming Network. They saw opportunities in the transition, but serious challenges too, and agreed that the government could do more to help.

An uncertain future

Uncertainty about the future was a key theme. This makes long term business planning very difficult and is a particular challenge for farms like Elm Farm in Oxfordshire, which expects to change significantly in the coming years because of ELM. The promised government roadmap needs to allay the fears of farmers like these, by setting out a clear plan for how ELM will evolve.¹² Together with the upcoming Land Use Framework, which should provide a spatial plan to direct more of ELM’s budget towards the areas undergoing most change, this will ensure schemes provide incentives for the right actions in the right places to reverse nature decline and adapt to climate change.¹³

Although each farm we visited was unique, overall the arable farms’ experiences were different from those of the grazing and mixed farms.

Arable farms worry about climate and prices

The arable farms we visited (Midloe Grange Farm in Cambridgeshire and E J Barker & Sons in Suffolk) were relatively confident that their businesses will remain viable

“There’s a lot to like in SFI as an arable farmer.”
David Felce, Midloe Grange Farm

in the future. As basic payments are phased out, these farms have seen their income remain relatively stable as a result of entering the new SFI scheme and further diversification activities, such as building lets. Their biggest concerns are other issues, such as climate change impacts and unfairness around prices in their supply chains.

Extreme weather was a major concern for all farmers growing crops. The 2024 harvest was the second worst on record in England, due to heavy rainfall and flooding, severely affecting the profitability of cereal farms.¹⁴ To add to these challenges, David at Midloe Grange Farm told us that sales prices have not risen at the same rate as input prices, squeezing his margins while companies elsewhere in the supply chain were continuing to make a profit. These challenges had already led him to diversify into agri-environment schemes, offering a source of income independent of grain markets or the weather.

“We’re seeing the impacts of climate change already: the seasonality is gone. When it’s hot, it’s hot, and it’s raining much earlier in the year which is making it difficult to get crops in the ground.”
Patrick Barker,
EJ Barker & Sons



Patrick Barker at his farm, EJ Barker & Sons, in Suffolk

Poor profitability limits farmers’ ability to invest, innovate and withstand market shocks. While the government cannot control the weather, it could take more steps to make sure farmers receive fairer prices for their food. The Groceries Code Adjudicator (GCA), the body responsible for regulating relationships between the UK’s largest supermarkets and their direct suppliers, should be empowered and sufficiently resourced to take more effective action against unfair practices, running

investigations and applying fines for non-compliance.¹⁵ Its remit should extend to include pricing and cover retailers with a turnover of over £500 million, rather than the current £1 billion.

However, at present, most farmers are not protected by the GCA, as they tend to sell to mid-supply chain food businesses, rather than directly to supermarkets. To plug these gaps, the Agriculture Act 2020 introduced fair dealing powers which would allow the government to put in place rules on mid-supply chain businesses purchasing agricultural products, which they have to follow when issuing contracts.¹⁶ Fair Dealing Obligations have now been introduced for the dairy industry and the government is working on similar obligations for pork, eggs and fresh produce.¹⁷ However, more clarity is needed about how the Agricultural Supply Chain Adjudicator, responsible for enforcing these, will work alongside the GCA.¹⁸ Sectoral codes should cover all sectors of the supply chain to ensure farmers get a fair deal.

The government could also help to build new routes to market for farmers, with a growth plan for alternative food supply chains which connect consumers and producers more directly and tend to give farmers better returns.¹⁹ This would also help to reduce competition with imported products produced at lower environmental standards, giving farmers domestic markets for their goods.

Mixed and grazing farms need schemes reopened

Compared to arable farms, the mixed and grazing farms we visited think they will need to make greater changes to their businesses following the phase-out of basic payments, but they are feeling less supported by ELM to do this. The Higher Tier Countryside Stewardship scheme is important in supporting the transition to more financially and environmentally sustainable business models, but it is not expected to reopen until mid-2025. This delay has left some farms in legacy schemes with outdated payment rates and has forced others into the less ambitious SFI scheme. But SFI is not designed to support more ambitious and better paid actions for wildlife that many of these businesses could undertake, such as peat restoration. This is a big

“The prices farmers are getting for their crops have not risen in line with the costs of fertiliser, machinery, pesticides... it makes it very difficult to run a profitable arable business.”

**David Felce, Midloe
Grange Farm**

“Battling nature up here on Dartmoor takes time and money – so why not work with it?”
Naomi Oakley,
Challacombe Farm



A visit to Challacombe Farm, Dartmoor

problem, as mixed and grazing farms have relied heavily on basic payments to make ends meet.²⁰

To ensure their long term viability, these farms need the opportunity to enter Higher Tier Countryside Stewardship and Landscape Recovery schemes which offer better funding options. A 2024 farmers’ petition, signed by thousands, called for the government to reopen Higher Tier Countryside Stewardship.²¹ When it reopens, this scheme must be sufficiently funded with £1 billion of the ELM budget spent on it and Landscape Recovery by 2027. Natural England and the Rural Payments Agency also need adequate resources to rapidly process the applications, and support farmers like Ronan Goss at Elm Farm in Oxfordshire, who wants to use SFI as a stepping stone into more ambitious schemes.

A budget that meets farmers’ needs and aligns with food strategy

In addition to raising the budget for the most ambitious schemes, the government must also increase England’s overall farming budget to £3.1 billion from the £2.4 billion for 2024-25. This is the amount identified by the RSPB as necessary to meet climate and nature targets.²²

In addition to obtaining income through ELM schemes, livestock farms we visited are increasing their profitability and reducing their working hours by keeping fewer

“My neighbours were initially sceptical about my decision to move to a grass-fed system - they thought the livestock wouldn’t fatten. But they’re coming round to the fact that it’s a route to profitability as it massively lowers costs.”

Stuart Raw, East End and Hollins farms

livestock, targeting a higher value, higher welfare product. For example, Stuart Raw at Hollins and East End Farm in North Yorkshire has transitioned from continental to hardier native breeds that can overwinter outdoors. He cut his herd sizes from 300 to 130 cows and from 300 to 180 sheep, reducing the costs of winter housing and feed, whilst gaining access to premium markets.

To avoid making up the difference in domestic supply with imported meat produced at lower environmental standards, this change could be encouraged and supported with a reduction in overall demand. The government’s upcoming food strategy should include measures to support a shift to healthy diets that align more closely with what the country’s land and farmers can sustainably supply, drawing on existing analysis in Henry Dimbleby’s independent 2021 National Food Strategy.²³

Ambitious environmental actions are underpaid

Many of the farmers running mixed and grazing enterprises were concerned that the payment rates in ELM were discouraging them from more ambitious environmental actions. They said woodland creation, nutrient management and peat restoration especially were underpaid. There is possibly also oversupply of better paid options under ELM, such as winter bird seed mix and herbal leys, which make up 43 per cent of SFI spending.²⁴

Defra should rebalance ELM’s funding priorities. It should determine the most effective ways to cut emissions and support declining wildlife, using evidence available, aligning payment rates to reflect this and then monitor and evaluate outcomes. This will allow schemes to evolve and achieve better results.²⁵

On the farms we visited, we found elements of ELM working well on tenanted and common land. Countryside Stewardship and SFI agreements were in place on rented land on three farms. On Dunthorp Farm in Oxfordshire, Tim Coates was developing his Landscape Recovery project so there is no incentive for landlords to evict tenants, by ensuring only active farmers could access payments but with landlords able to share in ecosystem service sales. Challacombe Farm

is part of the Central Dartmoor Landscape Recovery project which includes farms and large areas of common land. However, there are barriers, such as tenants' aspirations not aligning with their landlords for certain actions or the timeframe of the tenancy not matching that of agreements. Defra should continue to implement the recommendations of the Rock Review when designing the schemes, such as offering longer term more flexible agreements, with specific schemes designed to be accessible for tenants, and publishing more guidance around what activities require consent and what to do if disputes arise.²⁶

Landscape Recovery needs help to fly

Landscape Recovery is the most novel arm of ELM, capable of delivering diverse benefits while giving farmers more ownership of project design and delivery. But, so far, no project has progressed beyond the planning phase.

New schemes will experience trial and error early on. To learn from this, Defra should run a rapid review to learn from the early rounds of the scheme, in preparation for opening Round 3. And a new taskforce could be given the job of supporting projects to implementation phase. In Round 3, Defra could also speed up progress by offering off the shelf agreements, so every project does not need a bespoke contractual agreement.

Landscape Recovery is the only scheme which requires projects to find sources of private finance to supplement government funding. We heard from Tim Coates, leading the Evenlode Catchment Landscape Recovery project in Oxfordshire, that several businesses were interested in funding it, but overall levels of private investment in nature remain frustratingly low, at around £95 million a year in total.²⁷ The government could do much more to drive private sector demand for nature markets and we recommend it produces a roadmap outlining plans to move this forward.²⁸

Farmers want better advice

For many farmers, the agricultural transition requires a significant change in both their practices and how they think about their businesses. They need good advice to help

them navigate the best options and make sure they are contributing to ELM's environmental objectives.

All the farmers we visited said they would like more advice and help in applying for schemes. They would appreciate a service they could call on at short notice with questions about specific elements of schemes, tailored whole farm advice, on-farm demonstrations and support through peer to peer networks.

The government could help by expanding the capacity of existing advice schemes. Importantly, advice must take a whole farm approach, where all a farm's activities are assessed together to avoid progress in one area undermining activity elsewhere.²⁹

We suggest that a new sustainable farming advice scheme should be considered, combining business and ecological advice, and making the most of existing capabilities under trusted effective sources like the Farming Resilience Fund, Farming Advice Service and Catchment Sensitive Farming.

The Farming Resilience Fund, which offers free business advice to farmers, should be extended beyond its current end date of March 2025 and have its remit expanded to support basic natural capital baseline assessment.³⁰

“It’s a generational thing: I’d like to keep farming the same way, but Ronan sees a lot more opportunities in the environmental side of things.”
Simon Goss,
Elm Farm

Several farmers we spoke to stressed the importance of peer to peer learning in encouraging them to adopt new practices and help navigate challenges. On-farm demonstrations are particularly helpful, but farmers might also benefit from other types of support like individual mentoring. There are already several knowledge exchange programmes in England, funded through the Countryside Stewardship Facilitation Fund, Farming in Protected Landscapes and other independent sources, like supply chain and water companies.³¹ The government could support these with clear targets for the number of farms taking part, and by introducing funding through SFI for farmers facilitating peer to peer meetings. A new Strategic Knowledge Transfer Fund should be set up to encourage more farms to participate.³²

Six farm portraits



Midloe Grange Farm Cambridgeshire



Midloe Grange farm is a 100 hectare arable farm near St Neot's. The farmer, David Felce grows cereals on the most productive land, while supporting wildlife elsewhere. He sees agri-environment schemes as vital to the resilience of his business and has both a new SFI agreement and areas of his farm set aside for biodiversity net gain.

Getting the best out of the land

Midloe Grange Farm is on high quality land, so David aims to maximise food production throughout most of the farm. His arable system benefits from his deep interest and knowledge of how to get the best out of the land, using technology to monitor crops and precisely apply needed nutrients. He uses a legume fallow in his rotation, paid for under SFI, to improve soil health and control weeds between cereal harvests. This provides a more predictable income than his previous break crops, oilseed rape and beans, which are less attractive now, given low crop prices and variable weather.

Habitat creation supports the business

David is keen to use the less productive patches of his land to benefit wildlife. He has planted hedges and trees, restored ponds for great crested newts, created scrapes for snipe and sowed field margins with grass and wildflower mixes under Environmental Stewardship agreements, the precursor of the current Countryside Stewardship scheme which ran up to 2022. He now has an SFI agreement allowing him to make up most of the income foregone, as the former EU basic payment scheme phases out, without making major changes to his land management. David



would be interested in a more results oriented payment system under ELM if the monitoring could be well done.

David is also taking advantage of the new biodiversity net gain scheme, which operates separately to ELM, and requires housing developers to deliver a net improvement to biodiversity. David is creating 'neutral grassland habitat' to sell on the emerging credit market to developers looking to offset their impacts.

“

I've gambled a lot on biodiversity net gain, but have yet to sell any credits, so there's a big risk if this scheme does not work out.”

David Felce

As an agronomist, David provides advice to other farms in the area and hosts farm visits to promote knowledge sharing. He would like SFI to offer payments for farmers facilitating peer to peer services like this (currently this is only available through the Countryside Stewardship scheme).

Long timeframes are attractive

Extreme weather has significantly affected Midloe Grange's crop yields over the past year, and prices have not risen at the same rate as the costs of inputs and machinery, affecting profits. Trade deals allowing imports produced to a lower standard to undercut domestic producers are also a worry. These issues have incentivised David to use SFI and biodiversity net gain to reduce business risks. But he needs more certainty around the future direction of ELM for his long term business planning. The 30 year timeframe of biodiversity net gain was attractive for this reason, but this level of certainty is uncommon in ELM schemes, apart from Landscape Recovery.





EJ Barker & Sons

Suffolk



EJ Barker & Sons is a 545 hectare arable farm in mid-Suffolk managed by cousins Patrick and Brian Barker. They prioritise efficiency so keep yields high on most of the land and create habitat in the least productive areas. Patrick is relatively optimistic about the opportunities of the agricultural transition and welcomes the increased interest from their buyers in how they are producing food. However, he is very worried about the impact inheritance tax changes will have on family farm businesses.

Keen to experiment and learn

About two thirds of the farm is devoted to high yielding winter wheat, with the rest growing spring barley, oilseed rape, rye grass and spring beans. Patrick and Brian's efficiency-focused approach has led the farm to adopt practices that improve soil health, such as longer crop rotations, reduced tilling and precision farming techniques to reduce costly inputs, such as fertiliser and chemical inputs, without compromising yields. Always keen to experiment and learn, Patrick and Brian have trialled lower fungicide use, integrated pest management (a whole farm approach to managing pests that uses methods beyond just chemicals) and cover crops (which reduce runoff and erosion by covering bare soil).

A neighbouring shepherd grazes the seed, flower and grass mixes with a small number of sheep. Patrick is interested in the potential for some livestock farmers to shift to a business model where they use a small number of livestock to support arable farms' stewardship schemes.

Wildlife is essential for a productive system

Patrick and Brian see supporting wildlife as necessary for a productive arable system. They entered into a ten year



Higher Level Environmental Stewardship agreement (the precursor to Countryside Stewardship) in 2008 which laid the foundations for much of the natural habitat on the farm, followed by two consecutive five year Higher Tier Countryside Stewardship agreements. The focus of these has been on creating habitat for important wildlife, including grey partridge and great crested newts. They have established a green corridor through



the centre of the farm to improve habitat connectivity, planted large areas of wild bird seed mix and nectar mix, managed woodland and restored over 30 ponds, where they recently spotted water voles, a protected species in the UK. They also have an SFI agreement that predominantly pays for actions they were already carrying out that were not covered by Countryside Stewardship, such as hedgerow management and not using insecticides.

Patrick and Brian run the High Suffolk Farm Cluster. They work closely with their neighbours to take a more joined up approach to nature restoration and host regular visits, with local schools and politicians.

Through the Landscape Enterprise Network, the farm receives funding from supply chain companies (ie those they sell to) for some of the more sustainable farming actions currently covered by SFI. Patrick is very interested in growing these opportunities. This approach would save the government money, but for it to succeed much more join up is needed between the government and supply chain companies.

“

Sustainability means the ability to be here year after year after year, but also while ensuring that there are benefits to the natural environment.”

Patrick Barker



Elm Farm Oxfordshire



Elm Farm is a small mixed family farm of 100 hectares producing beef and feed crops. Simon Goss, a third generation farmer, runs the farm with the help of his son, Ronan. The farm has been through significant changes over the past decade and recently took out an SFI agreement to cover some income lost through the phase-out of basic payments. Simon and Ronan are unsure what the future holds because of the lack certainty around farming policy and the increasingly variable weather.

SFI is buying time to plan

Elm Farm was run as a dairy farm up to 2016 but shifted to beef production due to financial pressures. It now has a herd of 150 very high welfare grass-fed Angus beef cattle, which are bought in as calves and finished on the farm. Simon and Ronan grow most of their own feed to reduce costs and have a small herd of 11 dairy cows which are a family favourite and produce milk for the beef calves.

The farm took out an SFI agreement in 2023 with a view to buying three years of 'breathing space' while working out a long term business plan. They have opted for actions that fit with how they currently manage the farm, such as payments for reduced inputs on grassland and hedgerow maintenance. They have also planted a rented field with a seed mix to provide food for birds in winter and are creating herbal leys. Through this combination of actions, they have been able to make up 60-70 per cent of the income they previously received through basic payments.

Ronan is interested in running more educational visits on the farm, as well as 'care farm' visits for children and adults with disabilities, but time and funding are barriers.



Good advice is valued

Ronan emphasised how important it is to be able to talk through questions about the agri-environment schemes with an adviser. He spoke positively of the adviser that helped with their SFI application but wanted more advice on implementing their agreement.

“

Our aim is to try and produce the type of meat we would want to eat – we’re very high welfare.”

Ronan Goss

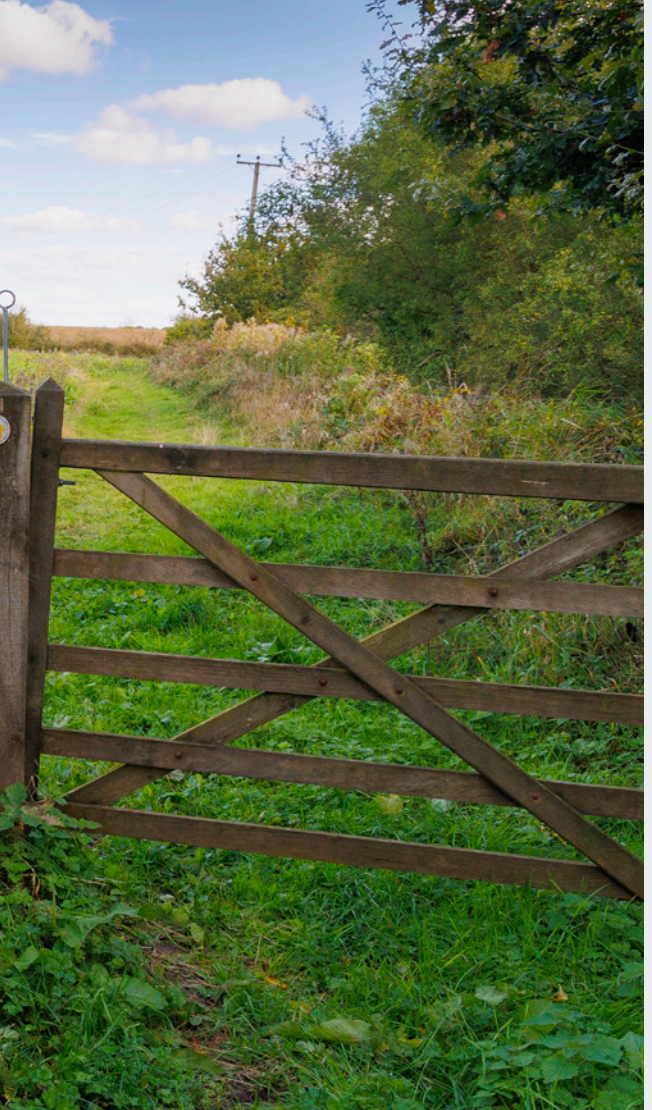
ELM uncertainty is a worry

While Simon is keen for the farming transition to enable continuity, Ronan sees ELM as a significant opportunity to diversify into new activities. He is interested in dedicating more of the farm to nature restoration and keeping a smaller herd of rare breed cattle, which would allow him to farm part-time. This would also make the business less vulnerable to the wet weather that is making it difficult to establish crops on the farm’s heavy clay soil. However, lack of certainty about when different ELM schemes will be opened, including whether SFI will still be a scheme in three years’ time, has made planning difficult.

Simon would like to supply more of his meat locally but is currently put off by the risks and paperwork. He would be interested in a scheme which supports neighbouring farms to do this collectively, reducing the burden for each of them.

At the time we visited, Simon and Ronan were worried about rumoured cuts to the agricultural budget. Though the budget was subsequently maintained, inflation means it has fallen in real terms since 2007.³³ They were also concerned about the impact of changes to inheritance tax relief.





Dunthrop Farm

Oxfordshire



Dunthrop Farm is a 320 hectare mixed farm in the north east Cotswolds which has over 20 per cent of its land area dedicated to nature. The farmer, Tim Coates, leads the Evenlode Catchment Landscape Recovery project and favours practices he sees as regenerative, such as long crop rotations, low till and low input farming. Overall, he sees huge opportunity in the farming transition but wants more innovation, ambition and support from the government.

Long rotations for soil health and biodiversity

The main crops grown are cereals and oilseed rape. The farm is on an eight year rotation, four years of which are spent under herbal leys to improve soil health and biodiversity. Cover, catch and companion crops are used to improve water quality, reduce soil erosion and protect against pests and weeds. Tim has more than halved nitrogen fertiliser use in recent years, motivated in part by cost, and found it had no impact on yields. In fact, despite very difficult weather, 2024 was his best harvest yet.

Tim has a flock of 1,000 pasture-fed sheep which are integrated into the arable rotation. The sheep are mob grazed, meaning they graze at high densities and are moved around often, including brief stints on winter cereals. This improves crop health and resistance to drought by encouraging crops to put down longer roots. This approach is labour intensive, but Tim is passionate about bringing more young people into the industry.

Pioneering flood alleviation

Tim runs the Evenlode Landscape Recovery project which spans approximately 5,000 hectares of the river catchment and involves the 64 farms.



Currently in development, the project aims to restore the river to its original channel to greatly improve water quality and dramatically reduce flood risk downstream in the Thames and to the local railway. This is especially important given climate change: a few weeks before we visited, the area experienced the heaviest rainfall since 1989. Involving many tenants, the project is being designed to ensure landowners cannot remove tenants from land to access the payments themselves.



Whilst working to get the Landscape Recovery project off the ground, Tim has already taken steps on his farm to contribute towards its goals, planting two new woodlands alongside the river. The farm supports a wide range of species, including peregrine falcons, greater spotted woodpeckers and even turtle doves.

Dunthrop Farm is also under the SFI scheme which mainly pays for practices already in place, such as hedgerow maintenance, low till and integrated pest management.

More clarity about outcomes is needed from Defra

Tim says ELM has accelerated the transformation of his farm that was already underway. But he is concerned low payment rates are discouraging farms from activities that have the most benefits for climate and nature, such as woodland creation, integrated pest management and companion cropping. He thinks it is important that Defra learns from the pilots and early versions of the schemes and is worried about a lack of evaluation of how to make the schemes more straightforward to enter.

Tim is excited by the opportunities the Landscape Recovery scheme brings to channel private finance into nature recovery. Railway and water companies are interested in paying for the benefits of these changes, but the government needs to develop markets that have potential to secure these funds.

“

Creating opportunities for young people in the industry could help solve many of the challenges it is facing around poor mental health and low health and safety”

Tim Coates



East End and Hollins Farms Yorkshire



Stuart Raw is a livestock farmer managing two upland farms in neighbouring villages spanning 200 hectares in the Yorkshire Dales: Hollins Farm (owner occupied) and East End Farm (tenanted). In recent years, Stuart has significantly decreased livestock numbers which has increased profitability while benefitting nature. He has experienced challenges with uncertainty around when schemes like Higher Tier Countryside Stewardship will open for applications, leaving him stuck in legacy schemes on lower payment rates.

Lower density stocking is profitable

Stuart produces pasture fed beef and lamb which he sells to local pubs, butchers and some private clients. He favours lower stocking densities and hardier breeds which can overwinter outdoors. He currently has 130 Shetland cattle and 180 Herdwick sheep. Reducing livestock numbers has lowered Stuart's incredibly high workload and lessened costs of feed and winter housing, increasing his overall margins.

Enhancing the landscape

Stuart sees his role as a farmer in the Yorkshire Dales as enhancing the landscape for nature and local tourism. East End Farm, which is on higher land, supports flocks of curlews with a small number of hardy cattle to maintain the habitat and provide premium beef locally. The farm was under a Countryside Stewardship agreement which ended in December 2024, after which Stuart moved into SFI.

Hollins Farm is on lower ground bordering a scenic river with salmon and trout. It recently came out of a ten year Higher Level Environmental Stewardship agreement, the primary focus of which was to create habitat for wading birds. Stuart was given the opportunity to extend this

agreement by a year but chose not to. He has instead transitioned to SFI which offers higher payment rates for less restrictive actions. Stuart has also planted hedgerows and created new areas of woodland, funded by the local council. He has improved access on his land by upgrading paths to stone surfaces that offer wheelchair accessibility.



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Basic payments [the old EU-style subsidy scheme] simply hid the facts from farmers. They encouraged artificially high stocking rates, leading to businesses that operate at a loss”.

Stuart Raw





Payments for upland farms are too low

Stuart sees the agricultural transition as a chance to encourage other local farmers to shift to a low input, low cost model with environmental benefits. He is keen to demonstrate the economic case to others of managing the farm in this way. But he's concerned about basic payments being removed when there is not a good alternative option for upland farmers, as Higher Tier Countryside Stewardship is not yet open for applications.

He finds the payment rates for actions in upland areas too low under SFI and has struggled with capital grants being insufficient to cover costs due to inflation. He would like the flexibility to use his knowledge of how to deliver for wading birds under a 'payments by results' approach, rather than the current prescriptive approach that pays for actions regardless of outcomes.



Challacombe Farm

Devon



Challacombe Farm is a 180 hectare organic livestock farm on Dartmoor. The tenants, Naomi Oakley and Mark Owen think of it as a nature reserve producing high quality meat. Naomi's family have been farming the land for three generations under a long term tenancy from the Duchy of Cornwall. Following the Fursdon Review of protected site management on Dartmoor, which highlighted the changes needed to halt decades of decline, Naomi and Mark believe the agricultural transition could prompt more farms to take their approach.³⁴

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We see meat as something to be celebrated and eaten on special occasions, not everyday.”

Naomi Oakley

High welfare meat is a byproduct

Mark's and Naomi's business is focused on a 'nature-first' approach, with meat production as a secondary outcome. They run a very high welfare, organic, grass-fed livestock system, where herd size is matched to what the land can support without needing to import feed. They keep 25 Welsh Black cattle and 250-300 Icelandic-Shetland sheep. As with Stuart Raw's farm in Yorkshire, lowering livestock numbers from previous unsustainably high levels has increased profitability and wildlife. All the meat produced is sold either directly via the farm website, to farm visitors or to local pubs.

Innovative nature-based solutions

Challacombe Farm includes 120 hectares of Scheduled Ancient Monuments, and it hosts a range of habitats: heathland, rhôs (wet) pasture, species-rich hay meadows and blanket bog. This supports rich wildlife, ranging from birds such as cuckoo, redstart and meadow pipit, to otters, salmon, marsh fritillary butterflies and 13 bat species. Extensive cattle, sheep and pony management is essential to maintain these habitats. Mark and Naomi's dream is to have beavers, to create natural wetland mosaics for wildlife and hold water to reduce downstream flooding.



They take an innovative approach to solving challenges on the farm, favouring nature-based solutions. In place of a concrete sediment trap to reduce agricultural water pollution, they extended a field drain to create a pond which doubles as a source of drinking water for their cattle and has created habitat for snipe.

Mark and Naomi have a Higher Level Environmental Stewardship agreement which has been rolled over as the

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I'd like to see a lot more tailored farm advice, delivered through demonstration by experts. Give me a cup of tea and a pasty and I'll listen to anything.”

Naomi Oakley



replacement Higher Tier Countryside Stewardship scheme is not yet open. They are using SFI to fill in the gaps, with an agreement covering herbal leys, hedge management, soil management plans and moorland management. Through the Farming in Protected Landscapes scheme, they have restored ponds, established a small orchard and improved access with signs and fences.

In addition to running the farm, Mark and Naomi are founding participants in the Central Dartmoor Landscape Recovery project which aims to develop a 20 year vision for 23,000 hectares of the moor. The project is still in its early stages, but Naomi is keen to focus on peat restoration, as Dartmoor contains 6,000 hectares of degraded peat, and there is a need to improve water quality and flood management as 23 rivers drain from the moor.³⁵

Passionate about giving people access to nature, they have installed information boards that tell people about the wildlife and heritage they will encounter and how it is managed. There are also stone benches where people can enjoy the view, and they have plumbed in a tap next to the main path, so people can refill their water bottles. Along with good waymarking and self-closing gates, these additions mean that access rarely causes any problems. In their experience, when people feel welcome and can see the land is being cared for, they reciprocate this respect, and visitors often become customers for the farm's products.

More clarity is needed about schemes

Mark and Naomi are generally positive about the agricultural transition which could support more profitable businesses and create good jobs in rural areas. But they would like more clarity from the government about what schemes will become available and when.

Naomi was particularly concerned about the low payment rates for upland peat restoration. Introducing a baseline price for carbon could help. She also stressed the need for more tailored farm advice, including demonstrations and opportunities to learn from specialists.

Mark and Naomi see Landscape Recovery as a chance to take a more systematic, whole landscape approach to nature restoration. They believe there needs to be flexibility across the scheme's 20 year duration so that projects can adapt and innovate as the science progresses, to be fit for purpose in delivering for nature and climate. They are in the early stages of their project and are still designing it. They want Defra to be clearer about the outcomes it wants to fund. Across all the schemes, Naomi said more monitoring and evaluation is needed to ensure public money is well spent.



Supporting farming into the future

Based on the experiences of these farms, below we set out our recommendations for swift action to improve the offer for upland farms, make Landscape Recovery work and give farmers greater certainty for long term planning.

Ensure ELM payment schemes work well for all farmers

Provide a plan for how the schemes will evolve, raising the budget to support this evolution by 30 per cent in the forthcoming spending review. This will be necessary to clean up England's rivers, help to meet the UK's climate and nature targets and ensure a viable farming sector that can provide vital rural employment and national food security.

Review ELM payment rates to reflect the level of action needed, to deliver and monitor payment schemes and ensure they provide incentives for the right balance of public goods nationally.

Ringfence £1 billion of the ELM budget to be spent on the Higher Tier Countryside Stewardship and Landscape Recovery schemes by 2027, which have been slower to scale up. Without this, most of the budget will be spent on the Sustainable Farming Incentive (SFI), an entry-level scheme which is not designed to support farmers that want to undertake more ambitious nature restoration.

Improve planning, support and guidance

Publish a Land Use Framework to guide ELM spending to areas of the country, particularly national parks, where many farms will need to transform their operations to remain viable.

Establish a Landscape Recovery Taskforce to support projects into the implementation phase.

Properly resource the Rural Payments Agency and Natural England so they can deal with the influx of new SFI and Higher Tier Countryside Stewardship applications and provide adequate guidance.

Increase funding for existing advice schemes, prioritising Catchment Sensitive Farming and extending the Farming Resilience Fund, and initiate a dedicated facilitation fund to support peer to peer learning.

Support the farming industry beyond payment schemes

Regulate supply chains so farmers receive fairer prices for produce and invest in alternative routes to market, which connect suppliers more directly with consumers. The government should:

- **Resource the Groceries Code Adjudicator (GCA) sufficiently** to run investigations into abuse and apply fines for non-compliance. Its remit should be extended to cover the regulation of prices and retailers with a turnover above £500 million.
- **Roll out regulation that protects farmers** in their interactions with direct suppliers to all sectors of the supply chain and empower the Agricultural Supply Chain Adjudicator (ASCA) to enforce this. The government should also provide more information on how the ASCA and GCA will work together to avoid regulatory fragmentation.
- **Publish an alternative supply chain growth plan** and require public sector caterers to source more of their food from small producers.

Update the National Food Strategy, including measures which will support a shift in demand towards healthier and more sustainable diets.

Summary of the main challenges and solutions

Challenge	Solution
<p>Uncertainty around the transition makes long term business planning difficult</p> <p>Uncertainty around whether ELM schemes will meet government targets for nature restoration and net zero</p>	<p>A roadmap for ELM evolution to give long term certainty and a Land Use Framework to guide payments to effective outcomes</p>
<p>An expected influx in new SFI and Higher Tier Countryside Stewardship applications, as farmers want to move to higher ambition schemes</p>	<p>Increase resources to the Rural Payments Agency and Natural England to manage the rise in applications</p>
<p>Low profitability</p>	<p>Ensure all farms have a good offer under ELM by opening the Higher Tier Countryside Stewardship scheme and a new round of Landscape Recovery funding, and then ringfencing their budgets</p> <p>Adjust payment rates under ELM to reflect level of public goods delivered</p> <p>Policies to support farmers to receive fairer prices for the food they sell</p>
<p>Projects in the Landscape Recovery scheme fail to make it past the development phase</p>	<p>A new Landscape Recovery Taskforce should drive implementation</p> <p>Policy support to develop nature markets</p>
<p>Farmers find it hard to navigate funding options or understand what is suitable on their land</p> <p>Farmers not implementing actions correctly</p>	<p>Increase the capacity of farm advice programmes and create a dedicated facilitation fund under SFI to support peer to peer learning</p>
<p>Lower stocking densities on grazing farms reduce production leading to higher imports of meat</p>	<p>Publish a new food strategy to align healthy dietary choices better with what the land can sustainably supply</p>

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