

Supporting Farmers Post-Brexit

Tuesday, 20th –

Wednesday, 21st June 2017

REPORT



His Royal Highness the Prince of Wales opened the consultation with a video message affirming that the services provided by the countryside and rural society of the United Kingdom – its people, environment, landscape and economy – are central to national well-being and the maintenance of our natural capital. HRH noted that farmers are under considerable economic, social and cultural pressures and, following policy changes in the UK after 2020, not all British farms will be economically viable. Viability will depend on diversification, less dependence on subsidies, and finding new people and markets. Some farmers will require guidance and assistance to retire or find an alternative career; many others will survive and flourish through innovation, and their successes, disseminated, will benefit others. Though New Zealand's example differs much from the UK's, we may learn from their experience of ending farming subsidies in the 1980s. Importantly, HRH concluded, farming is much more than an economic activity: we must support all its contributions to national life, with reference to models elsewhere and to the cultural dimension of farming as people working with the natural world.

Lord Curry of Kirkharle presented an authoritative survey of the Brexit landscape: what's known, salient features for farming, and concerns:

- £3bn annual CAP subsidies to UK farming are ending; the UK government promises to match funding until 2020; the Brexit timetable is to last two years from March 2017 plus two or three years (probably) of transition
- Under the Repeal Bill, most (not all) EU legislation will be transposed into the UK's law-books for subsequent review
- Trade agreements: these look to have more impact than subsidies
- Legislation: for UK standards to remain high means continuing regulation (and paperwork)
- An urgent need for a framework to determine regulatory accountability and to coordinate agricultural policies between the devolved administrations of the UK for internal free trade
- Productivity against global competition, requiring increases in: organisation of the skills base, bringing science more effectively into farming use, and investment by farmers, along with appropriate financial support
- Fragility of government
- Agriculture's position (not, presently, conspicuous) on the government's list of priorities
- Migration policy and labour needs
- The brevity of two years; stakeholders need to agree the desired destination before transition begins
- Willingness – or otherwise – of the sector to change

Brexit ends the European payments which have shaped British farming since 1973. While much remains unknown now, it is sure that Brexit will not allow the continuation of business as usual. Farming post-Brexit is not a completely negative picture: it is a great opportunity to forge our own future and take ownership of policy and solutions. Farmers will need to make a strong case for taxpayers' help and meet high expectations for care of the natural environment.



Participants explored three main strands of discussion:

- Raising the performance of the majority
- Guiding and helping weaker performers
- What farmers can do only with government help

Performance

The definition of 'productivity' depends on how outcomes are defined for UK farming. Payments for outcomes other than food means that 'maximum efficiency/intensity of food production' may not necessarily mean 'maximum profitability'. In past decades, the issue for agriculture has been productivity of food, measured in quantity: the agrifood challenge. The EU has insulated us from global pressure, and the question now arises of how to compete with global competition. Four areas of action are needed:

Skills

The skills base for British farming lacks clear organisation around nationally recognised standards. Career paths in farming are not defined beyond, perhaps, the guidance to qualifications that is offered by the (virtual) National Land Based College. These gaps discourage young people from entering British farming. This must improve.

Research

In science, the UK is institutionally brilliant, but poor at translating research into practical solutions – which is key for high productivity. UK farming post-Brexit will require a skilled workforce who can translate new technology and knowledge into real solutions and bring them along more efficient routes into the farming sector.

Investment

Farmers are to be encouraged to invest in their own farming business, even though it is hard to do so under economic pressure. This underlines a need for appropriate incentivisation. With this in mind, the farming sector should examine the performance of its bottom ('D') quartile.

Financial support

The 'level playing field' is a perennial concern for British farming. If stakeholders define desired outcomes from farming in the UK, they can design models and processes towards those outcomes and more precisely define the areas where assistance and incentivisation will be most needed for best results. The list of desired outcomes to be achieved through appropriately incentivised good farming practice indicates that current financial support for farmers is modest compared with the potential benefits.

No change is not an option

Brexit, unlike (for example) foot-and-mouth, has a timetable, and can be prepared for – though the real impacts will probably only make themselves felt two or three years down the line. Still, it is important to emphasise the message that 'no change is not an option' for British farmers: willingness or otherwise to shift course is a concern. This is the most important change since 1947.



Looking at New Zealand's experience since the 1980s is eye-opening. Though its circumstances and national character differ, they point to some helpful characteristics for emulation: less fear of failure than the British tend to have (and an ability to walk away from it afterwards); good marketing skills; hard-working; a problem-solving culture; well-selected livestock qualities; liberal use of good consultants. The UK has its advantages too, including exciting potential for innovation. Australian and New Zealand farmers visiting on a Nuffield Triennial were astonished at the possibilities for income diversification demonstrated by UK farming with its 'plenty of chimneys'. Whether it is moving away from farming *per se* by opening a franchised storage business in farm buildings, or moving into nuts, fruits, herbs and other niche crops, offering land-derived services such as flood management, or taking up new practices such as agro-forestry, there are opportunities to get ahead of the crowd.

The general perception that Brexit will affect mainly marginal and livestock farmers is not borne out by the fact that in 2014, for example, 76% of farm business income on cereal farms derived from the Single Payment Scheme (SPS). Among farmers, many recognise that change is coming, and are willing and will prove able to adapt to new circumstances, whether continuing as farmers with a fit-for-Brexit business model, shifting or extending their income stream(s) without leaving farming, or leaving the sector entirely. Whatever the path, a proportion of the willing and able will succeed only with guidance and help – whether practical (business tools, training, guidance), financial (grants/loans), personal (ideas, moral support, listening, knowing others are experiencing likewise) or some combination of the above.

Support will be needed to fill productivity and skills gaps. However, with the right system, which most commentators predict as a simpler version of Entry Level and Higher Level Stewardship, there will be a rich and useful variety of successes – not a black-and-white picture of 'mainstream farmers not dependent on government help (through New Agri-Environment Schemes) and marginal farmers dependent'. The UK needs a national system or concordat between the professional bodies involved to establish a common protocol which will also help resolve tensions between a natural-capital approach and an agri-environment approach.

Farmers will need to feel that they have access to the right advice and financial support to change their business: for example, benchmarking analytics, or courses to help with Continuing Professional Development to achieve nationally recognised standards. If the UK is to develop its farming skills base through nationally recognised routes, the information must be easy to access, simple, and central: a national scheme which acts as a knowledge broker and centre for applied research and development, focussing on the natural capital and people of farming and emphasising face-to-face interactions with farmers for a rebuilding of trust and common purpose.

The Prince's Countryside Fund runs a Farm Resilience Programme, offering tailored help to family farms for around £1-£1.5K per farm in the form of workshops, business tools such as a Business Health Check tool, anonymised benchmarking, and mentoring to put the farmer back in charge of 'a business that happens to be a farm' rather than a farm that isn't succeeding in business terms. Farmers elect to join the program, so are self-selecting, likely from the middle quartiles. They leave it more optimistic and energetic



about dealing with change, budgets, succession planning, etc. The Farming Community Network (FCN; formerly Farming Crisis Network) and Agriculture and Horticulture Development Board (AHDB) play vital roles in providing organisers and mentors. The PCF is fundraising to cover more of the seventy-six thousand target farms identified as 'small family farms' in the UK and Northern Ireland which constitute a vital aspect of the indigenous rural culture of the UK.

A vision and mission for farming

Post-Brexit, how shall the UK maintain those farm-produced goods the cost of which is not included in food prices? It is relatively easy to list the public goods that farming delivers, and to interpret subsidies as recompense for providing, through cross-compliance, the environmental and other public goods that the market doesn't recognise. Under market forces alone, farmers could not (for example) maintain field margins where saleable crops could otherwise be planted, or participate in, for example, the Chalk Grasslands project whereby farmers were enabled (by receiving payments) to help recreate historical chalk grassland in Kent – a populous place which needs such free land for health and biodiversity.¹

For British farmers to continue to abide by the good practices established under European Pillar II schemes, British government must establish means to recompense the non-food services and public goods that farming delivers. With the right incentives in place, farmers must engage with the idea of delivering all farming's public goods and protecting its natural capital as part of a contractual or transactional relationship with, ultimately, the taxpayer. Farmers so incentivised, so engaged, will tend to go the extra mile to build upon their own interests and successes in ecosystem management, and can and will deliver these public goods. The UK taxpayer who will or may continue to pay for these services post-Brexit needs to understand what is paid for and why. It may be hard to pin down monetary values for public goods and services such as public health, clean air and water, attractive countryside, habitats for wildlife, British-grown food, animal welfare, etc., but the stakeholders in British farming need to identify such desired outcomes, value them, and help to shape policy accordingly.

These issues beg the question: what is the vision and mission for British farming? Part of the conversation moving forward must be to establish them.

To do so requires a clear, strong and consistent message to both government and the public that the existing market mechanisms will not maintain the expected public goods which farming currently delivers; that, on the contrary, in the absence of explicit support for farmers as environmental stewards, market pressures will rapidly erode such public goods; and that their loss would entail heavy consequences for what Britain and its farmers have achieved to date.

Not only agriculture is involved but also the wider agri-food industry, businesses dependent on farming, ecosystem services including environmental stewardship, and public interests. Farmers must build alliances with people who may know little about farming, and engage widely, with – for example – the Confederation of British Industry,



¹ <http://www.kentdowns.org.uk/guidance-management-and-advice/farming>

Chambers of Commerce, significant industry voices and consumer organisations, the Women's Institute, the Royal Society for the Protection of Birds, etc. It may be useful also to review the expertise and networks still accessible from the regional groups that arose after the UK's foot-and-mouth disease crisis.

An idea was described which could facilitate an appropriately broad and inclusive consultation across the UK, with support and participation from all the UK administrations and stakeholders in UK farming, hosted by the Royal Society of Arts, and proceeding on the lines of the earlier Policy Commission on the Future of Farming and Food in England chaired by Lord Curry.

The bottom quartile

For those who will not find farming a profitable and productive enterprise post-Brexit, exit from the sector may be the best option. Some may already desire to leave but feel prevented by, for example, a lack of opportunities or skills, the pressure of immediate farming commitments, or differences with family members. (The example was cited of livestock farmers' reactions to the UK's foot-and-mouth crisis: after the initial, acute stress of herd slaughter, some found that a millstone had come off their neck and, freed from the herd, they could now engage with new possibilities ahead.) To move on successfully, farmers desiring to exit will need access to various forms of assistance.

Among those who will not adapt to farm profitably without CAP subsidies, some may already not farm profitably or well but will not wish to leave the sector, for personal and financial reasons. Examples might include owner-occupiers near or past retirement, or farmers who aren't realistically even getting by but are keeping going on CAP subsidies. Various farms will find themselves vulnerable because of age, debt, stronger competition, savings proving inadequate to new circumstances, family disagreements about strategic change, etc. Among these, some should stay, where no other option is practical; some should be strongly encouraged to leave, on the basis that they will do better outside farming, and others will make better use of their released farming assets.

The farming sector has a moral responsibility to look after their 'D quartile' as part of the rural community and help them decide about their future, rather than adopting a 'sink or swim' approach. Some are hard to reach, but the inner circle that surrounds a farmer – agronomist, vet, banker, solicitor, accountant, suppliers etc. – is well placed to offer information about available help and opportunities. Acquiring the abilities and knowledge to do so would offer competitive advantage.

Phased transition and early intervention rather than sudden, mass exit will minimize crises and lessen the crush on resources. A farmer's advisors and inner circle, if they are doing their job, can warn of danger signs well ahead of the moment of selling up. The farming sector can also create a narrative of 'no shame' indicating that it is a new situation and others are experiencing the same.

A campaign could cohere around the idea of having the farmer self-examine, based on the form of a previous successful questionnaire. For example, a document called 'Are You Fit for Brexit? Ten Questions to Ask Yourself', would cover the issues all farmers (and their suppliers) need to examine immediately. This idea can be taken forward by



farming bodies who are in a position to facilitate conversations with ancillary sectors about how their members might approach and inform hard-to-reach farmers about primary steps towards mentoring or assistance.

Strengthening the safety net

A variety of complementary support groups are already in place to help farmers through different types of difficulty. The Royal Agricultural Benevolent Institution (Rabi) and RSABI in Scotland, FCN and the Addington Fund work together under the Farming Help Partnership to provide different forms of help which do not compete but complement each other. This network already has a range of capabilities and structures in place for helping farmers who will need and want help post-Brexit, and it would be unhelpful to dilute these with additional bodies. However, it will probably be necessary to increase capacity substantially across the existing agencies, through more funding and trained personnel.

For those who have to leave farming, managing expectations will be important. Advice cannot be generic, and must be valuable to and valued by its recipients; and all interventions must include an exit strategy for leaving the business in a better place. But for those who cannot seem to get past continuing to be helped, it is hard to know how to catalyse the right change: at some point, the best answer will be to cease to farm. For those who have invested in farms because they are not subject to inheritance tax, for tenants who will have to move, or retirees living in a property more pleasant than any they can purchase in town, this will be hard.

Government

Confidence in government's capability, methodology, and consistency of approach on major Brexit issues is fragile following the 8 June election. The government has issued no explicit policy for post-Brexit agriculture. The Conservative Party has indicated that government will work with farmers and others for New Agri-Environment Schemes from 2022.

The timetable for Brexit negotiation topics seems agreed: movement of people, then legal and payment issues, then trade, while most European regulation will be transposed into Britain's law-books under the Repeal Bill for later review. However, the anticipated two-year period for exit is a short time in farming. Stakeholders in UK agriculture and land use need to agree a common destination before transition begins, and there is a lot to do to generate simple proposals which cover all the necessary ground.

The need is for DEFRA to lead in their role as advocates and supporters of the farming sector, and for clear leadership from the industry and key stakeholders as well as dialogue with the public through opinion-formers. Sector leaders must convene at a national level and hammer out a common framework within which then to resolve differences. Those interested need to agree on fundamental policies which derive from the desired outcomes for UK farming, and, as experts, be involved in policy design and policy framework at national and UK levels.



Trade

New trade agreements will shape demands on British farming in the next few years probably more profoundly than the loss of CAP payments. British farmers rely heavily on UK access to European markets, but any new arrangements with Europe will, post-Brexit, also impact how Britain trades with the rest of the world. There will quite likely be a period during which there are obstacles to export for British goods into Europe – lamb to France, for example. Tariffs, quotas, and WTO arrangements will be important topics for UK farmers to understand.

Many farmers' vote for Brexit was also a vote against 'intrusive bureaucracy' and for a reduction in the regulatory burden by discarding 'unnecessary' regulation. However, for any continued access to European markets, Britain must continue to conform with European regulations. Indeed, Michael Gove, as Secretary of State for Environment, Food and Rural Affairs, has expressed an intention to maintain the UK's environmental, food-safety and animal-welfare standards, while also indicating likely opportunities for the UK to strike deals with foreign trade partners who wish to find a market for their own food exports.² This suggests a possibility that higher-quality, British-produced food could end up priced high according to market value for sale to wealthier customers including buyers abroad, while food produced under different standards elsewhere will be imported to sell cheap to the UK population.

On the whole, prospective trade agreements look threatening rather than promising to the farm-to-plate chain inside the UK. No deals can be struck until after leaving Europe; trade discussions are scheduled after movement of people and legal/payment issues (though informal discussions of trade possibilities are happening already). It seems possible that agriculture may (wrongly) be wrapped into trade rather than being a heading unto itself. The farming industry needs to keep pressure on government to prioritise agriculture as part of its negotiations and to avoid a cliff-edge on trade.

The UK's common market

At the moment, England, Wales, Scotland and Northern Ireland operate within the EU's prescribed framework on agriculture, adjusting it as permitted to their own national circumstances. Freed from EU rules, there is nothing to hold together one UK system. If each devolved administration imposes different rules and different subsidy systems, the result will be a very uneven playing field which will distort competition between farmers and create particular difficulties near the borders.

A coordinated cross-border framework is needed for UK agriculture. The UK's agricultural policy must continue to be responsive to the particular conditions of the constituent nations of the United Kingdom, and susceptible to appropriate fine-tuning by the devolved administrations. It can't be imposed from London: England, Scotland, Northern Ireland and Wales must be prepared to pull together to promote success in a global market. This requires a willingness to discuss common ground and balance the desire for absolute flexibility and maximum autonomy against mutual benefit and shared interests. Agriculture mustn't be used as a 'test point' for devolution. Independent

² BBC Radio 4 'Today' programme, 19 June 2017; see, for example, https://www.farminguk.com/News/Getting-out-of-CAP-means-farmers-will-be-better-p-_46733.html

agricultural policy which adds administrative and regulatory burdens and difficulties at the borders within the UK shouldn't be inflicted merely to assert broader political independence.

Continuing open trade between the constituent nations of the United Kingdom is a crucial issue requiring an approach characterised by both good sense and sensitivity.

Labour

Migration policy is a big question for the UK's farming sector. Movement of people between Europe and the UK is one of the first topics scheduled for negotiation. Reducing migration (including students) to tens of thousands, especially when seasonal labour needs to be taken into account, seems unrealistic; but immigration is a touchy political issue. Following Brexit, the status of these workers is unclear. (On 22nd June, Prime Minister Theresa May outlined plans for EU citizens to be allowed to stay if they had spent five years in the UK.³)

Attitudes towards migrant labour both inside and outside farming are important. Most farmers take pride in a strong, skilled and diverse labour force. The title of 'Farmworker of the Year 2016' was awarded to a Lithuanian farmworker now managing three hundred people after starting without English eleven years ago.⁴ Not only seasonal but full-time labour on UK farms is drawn in large part from Europe; and not only on farms, but throughout the food chain, where industrial processors and suppliers also rely on migrant labour. Possible loss of freedom of movement of people post-Brexit is an important business risk.

Farm labour comprises not only physical work but special skills: cutting leeks or broccoli incorrectly, for example, can destroy the saleable quality of the crop. As things stand, the food and farming sectors' need for labour cannot realistically be met locally, even were government to find ways to get the long-term unemployed back into the labour force.

Labour is not a commodity; it consists distinctly of people, as the four separate freedoms of the European Union make clear. Surveyed farm labourers in the UK generally express a high level of contentment about wages and conditions here, but experiencing a drop in income alongside xenophobia and doubts about security will weigh against that. There is a need for government to take a leading role in supporting agriculture's welcome to our migrant labourers. It would be helpful for the public to hear from such workers directly to understand their value to the UK.

Action points

Finally, participants identified action points to strengthen British farming for changes ahead.

Vision/mission

³ As reported in the Telegraph, among others: <http://www.telegraph.co.uk/news/2017/06/22/brexit-deal-3-million-eu-citizens-allowed-stay-uk-permanently/>

⁴ Alfiya Kalpiss: <http://www.fwi.co.uk/business/farmers-weekly-awards-2016-farmworker-of-the-year.htm>



Participants expressed a belief that it is very important to define a vision and mission statement across land use systems including farming, and were interested in the possibilities of the RSA initiative described by Helen Browning during this meeting.

'Are you fit for Brexit?'

Mark Suthern will chair a group including Andrew Clark, Richard Betton and Charles Smith to mobilise the 'inner circle' of farmers' advisors: agronomist, vet, banker, solicitor, accountant, suppliers etc., with 'ten questions the industry feels farmers should ask themselves about fitness for Brexit'.

Capacity of existing support groups

Richard Betton will investigate possibilities for alternative further funding opportunities.

Labour

Farmer participants will seek opportunities to celebrate the diversity of the people welcomed to work in UK farming, and their enrichment of our society.

Debbie Beaton will approach Charlotte Smith, Anna Hill and Dimitri Houtart (respectively, hosts and editor of BBC R4's 'Farming Today') about contacting the BBC's Rural Affairs Committee on the topic.

Regional Farming Strategies

Professor Michael Winter will approach key members of the South-West England chapter or their successors to offer a one-off meeting in the context of Brexit to gauge interest and potential.

Asks from government

- Phased transition, lasting two or three years, and then a well-defined shift to the new modus operandi, forestalling crisis while providing a clear timetable for change
- A UK-wide, collaborative agricultural policy framework, similar overall to what already exists, with opportunities for devolved fine-tuning, designed to maintain free, open trading relationships between the four nations with no stops at the borders, and to maintain a fair market for smaller producers).
- Due weight given to desired outcomes for UK farming in trade negotiation and around trade issues
- Championship: a strong voice in government to support agriculture and land use
- Fiscal measures (for example, a tax-relief scheme) for farmers to assist them in maintaining their own financial security through transition and beyond
- Shorter supply chains
- Local Enterprise Partnerships to be strengthened for engagement with rural economy issues including farming
- Real support for the Red Tractor scheme as part of maintaining and promoting high UK standards



Participants

Ms Helen Aldis	Senior Manager The Prince's Countryside Fund
Mr Martin Bazeley	Diversified Tenant Farmer Offwell Farm / Barn Store
Ms Debbie Beaton	Consultant Debbie Beaton Consulting Ltd
Mr Patrick Begg	Rural Enterprise Director National Trust
Mr Ian Bell, OBE	Chief Executive Addington Fund
Mr Richard Betton	Farmer/FCN/Upper Teesdale Agricultural Support Services/NFU/HNV Farmers Panel
Ms Helen Browning	Chief Executive Soil Association
Mr Paul Burrows	Chief Executive The Royal Agricultural Benevolent Institution
Mr David Caffall	Chief Executive AIC (Agricultural Industries Confederation)
Dr Richard Carden, CB	Fellow St George's House
Ms Nina Clancy	Chief Executive Officer RSABI (The Royal Scottish Agricultural Benevolent Institution)
Dr Andrew Clark	Director of Policy National Farmers Union
Dr Mike Clarke	Chief Executive RSPB
Lord Donald Curry of Kirkharle, KB, CBE, FRAGS	Chair, Cawood Scientific Ltd and Royal Veterinary College, The Prince's Countryside Fund Trustee, Anglican International Development (Aid), Clinton Devon Estates, Lawes Trust Rothamsted Research and Tyne Rivers Trust
Mr Tom Curtis	Partner 3Keel LLP



Mr George Dunn	Chief Executive Tenant Farmers Association
Mr David Gardner	Chief Executive Officer RASE/Innovation for Agri
The Reverend Dr Gordon Gatward, OBE, BD, PhD, FRAgS, FIAgrIM	Chaplain Methodist Circuit Minister
Ms Vicki Hird	Farm Campaign Coordinator Sustain: the alliance for better food and farming
Mr Chris Peachey	Trustee Addington Fund and Gloucester Farming Friends
Mr Howard Petch, CBE	Chair of Trustees Arthur Rank Centre
Ms Claire Saunders	Director The Prince's Countryside Fund
Dr Katharine Scarfe Beckett	Rapporteur
Mr Charles Smith	Chief Executive Officer The Farming Community Network
Mr Mark Suthern	National Head of Agriculture Barclays
Mr Adrian Tomlinson, RVM	Ruminant Nutritionist ForFarmers
Mr Campbell Tweed	Farmer Nuffield Scholar/Board Member of Harper Adams University/NFSCo. Etc.
Professor Michael Winter, OBE	Professor of Land Economy & Society University of Exeter
Mrs Helen Woolley	Director General Country Land and Business Association



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