

Extended Abstract

Iona Y. Huang, Karl Behrendt, Eleanor Parker and Nigel Hill of Harper Adams University
Amandeep Kaur Purewal, David Swales and Sarah Baker of AHDB

Paper/Poster Title	Ready or not, here I come: Understanding English farmers perceptions of the changes in UK agricultural and environmental policy
---------------------------	--

Abstract prepared for presentation at the 96th Annual Conference of the Agricultural Economics Society, K U Leuven, Belgium

4th – 6th April 2022

Abstract	200 words max
<p>Under the new post-Brexit era English agricultural and environmental policies are changing, with a transition away from direct payments to agri-environmental schemes. With a significant proportion of farmers reliant on direct payments for their viability, there is a need to understand farmers awareness of the proposed changes in farm policy, and to assess the extent to which English farmers are adapting their businesses to changes in policy. This research used transcribed qualitative in-depth semi-structured interviews conducted with 34 farmers across England and representative of the main industry sectors. Thematic content analysis using NVivo and attributional information was used to analyse farmer responses. The research found that there existed predominantly negative views about the ELMs and the Sustainable Farming Incentive pilot. Alarmingly over a third of farmers did not know the financial impacts of future policy changes and over a fifth of farmers had undertaken no planning at all, with only a third of farmers planning for reduced support. The results identified that the in-coherence between the ELMs policy and international trade policy was the main source of farmers' resentment towards the new policy and opportunities to improve the design of future schemes and policy to align with farmers' goals.</p>	
Keywords	Environmental Land Management Scheme, Agricultural policy changes, Sustainable farming, farmers decision making
JEL Code	e.g. Energy: Demand and Supply Q41 see: www.aeaweb.org/jel/guide/jel.php?class=Q)
Introduction	100 – 250 words
<p>Under the new English agricultural policy, direct payments will be phased out from 2021 until 2027 with no direct payments from 2028 onwards. On average, a significant proportion of English farmers are reliant on Direct Payments through BPS to produce a positive Farm Business Income. During the transition period the amount of direct support will decline and the new Environmental Land Management Scheme (ELMS) is being phased in from January 2021. The Sustainable Farming Incentive (SFI), which is one of the core components of ELM, will aim to reward farmers for meeting objectives that benefit the environment and the first pilot of this scheme began in October 2021. The SFI has been developed following a set of</p>	



‘tests and trials’ which started in 2018. This component of developing ELMS provides a unique opportunity to investigate the response from farmers involved in the ‘tests and trials’ to understand the likely uptake of ELM’s and SFI, and its potential impact on farm business performance, preparedness and future strategic planning in response to transitioning away from BPS.

This study aims to examine what action farmers and growers are taking with regard to the new agricultural policies. We aim to assess the awareness of farmers of the key factors relating to the proposed changes in farm policy, and to assess the extent to which farmers are adapting their businesses to the changes in UK agricultural and environmental policy. It will also present recommendations on how a joint up thinking between agricultural policy and international trade policy presents an opportunity to align farmers’ economic interests with sustainability goals.

Methodology

100 – 250 words

Primary data for this project was collected through in-depth semi-structured interviews conducted with 34 farmers. Thematic content analysis in NVivo was used. Three broad themes were used to categorise the codes: 1) farmers’ understanding and knowledge about agricultural policy and the new ELM; 2) farmers’ plans and actions in response to the proposed changes in agricultural policy in England; 3) farmers’ views and attitudes about the new ELM in general and SFI, and perceived costs and benefits of participating in SFI pilot. Attributional information about farmers and their farming business were also captured.

The sample is largely representative of the production sectors (i.e. beef, sheep, dairy, arable, pork) across a range of farm sizes, geographical locations and land types. The 34 interviewed farmers’ were located across most of England with most sampled farms being lowland farms with a mixture of tenanted and owned land. Over 1/3 of the farmers (n=13) interviewed were due to take part in the SFI pilot. Of the 21 who are not participating in the SFI pilot, five were not eligible, two applied but then withdrew, two may apply in the next round, one was unclear and one intended to apply. In total there were 35 individual standards being implemented across the 13 farms participating in the SFI pilot. The remaining non-participating 10 farmers expressed no interest in applying for SFI. In regards to the ELMS tests and trials, 13 farmers participated, 8 of those subsequently applied for the SFI pilot.

Results

100 – 250 words

More than half the respondents regarded their understanding of government policy as either “reasonably good” or “good”. Nine had a “low level” of understanding the policy and six claimed a “moderate” level of understanding. As for the awareness of the new ELM, five respondents considered their level of awareness to be “limited or very low”. Half the respondents had “moderate awareness of the ELMs”, and about one-third considered their level of awareness to be “good”.

In response to the proposed changes in agricultural policy in England, about one third of respondents have no idea about the amount of reduction of direct payments until 2027. A



further third of farmers had begun to plan for reduced BPS income, and over a fifth of sampled farmers have undertaken no planning at all. Those that have initiated actions had considered entering into new or other existing schemes, scaling up or scaling down, improving efficiency, or constraining investment. On-farm diversification was the most favoured strategy to cope with the changes.

There were more negative views than positive views for both the ELMs in general and the SFI pilot. Negative views were on poor communication and clarity, scheme design, a lack of trust in government's motivation, and payment rates not being attractive enough. Positive views included that the policies were going in the right direction, farmers were convinced that it's a good theory, that there is a need to change intensive farming, and that it was easy to get into lower SFI standard levels particularly.

Discussion and Conclusion

100 – 250 words

The key factors perceived by farmers which will affect their decision making included: 1) a desire to continue farming and maintain farming lifestyle; 2) uncertainties created by the loss of direct payments before the formal introduction of new schemes; 3) the high opportunity costs of taking out productive land for the new scheme; 4) potential of increased pressure from international trade, seen by most farmers as contradictory to sustainable farming messages from the government (i.e. importing food with lower standards and higher negative environmental impact); 5) insufficient reward in the new payment schemes of the natural capital created through sustainable farming; and 6) erosion of trust in government's motivation to introduce the new policy. Overall, the uptake of the lumpsum scheme to encourage exit farming completely is likely to be very low. Many farmers will prefer more intensive farming to make up for the loss of BPS. Many farmers will not engage with the schemes to avoid possible restrictions or punishments. To achieve transformational changes for future farming in the UK, it is essential that the new policy will align farmers' economic sustainability with the expectations about environmental and social sustainability. Sustainable farming and food system in the UK should be seen as a shared responsibility in the society and the farmers should be rewarded for the eco-environmental services they provide not just on an income foregone approach, but on the basis of full recognition of the natural and social capital created through sustainable farming.