

29/03: Readout Uplands Alliance Meeting - Uplands Businesses - Pathways to Success

Attendees: [REDACTED]

Actions

- [REDACTED] to review the draft specification for 'Pathways to Success' by Tuesday 5th April. Send comments to [REDACTED] and [REDACTED] – Defra also reviewing to produce final agreed version by 08/04/22.-**Sub-group to share next iteration of the project spec by 19/04**
- **All** to indicate interest in joining the sub-group (currently [REDACTED] put themselves fwd. **Please let me know if you'd like to join this group**)
- [REDACTED] Change persona 1 to Unit Specialising in Rare Breeds, divide Persona 2 into 2. Clarify that Persona 3 is non-moorland
- [REDACTED] to reflect on comments under item 4

Notes

Item 1 – Introduction ([REDACTED])

- [REDACTED] introduced the 'Pathways to Success' work (see project spec), [REDACTED] introduced Defra's broader uplands work to stress test upland offers with the sector
- The scope of this work is upland farm businesses (given their dependence on BPS)

Item 2 - Agree the five farm types including areas of land and current stock numbers ([REDACTED])

- [REDACTED] provided an overview on the drafted 5 farm types: 1) **Rare breed smaller unit**, 2) **Hill farm with commons**, 3) **Productive upland farm**, 4) **Hill farm, sheep only** and 5) **Hill farm sheep and cattle**
- Note that there is not one type of upland farm business– we have instead categorised in as straightforward way as possible

Persona 1) Smaller unit specialising in rare breeds – someone selling small volumes of high value, niche produce. To be successful, they need a lot of off-farm support (abattoirs processing small numbers of non-standard animals). Nature of the business means it depends largely to things like getting the right brand– may need support on that front.

- [REDACTED] – does 'smaller' need to be there? **Change to 'niche'**
- [REDACTED] – a lot of large scale farmers keeping commercial flocks - also keeping rare breed flocks. Breed types not always black and white – some running 2-3 breeds. **What do we mean by rare breeds?**
- [REDACTED] – purpose of the exercise, having a small no. of scenarios we can apply different approaches of support to – this works as a standalone persona
- [REDACTED] – Could look into identifying some farmers to talk to – come through this session or people can email later – good to test with. Crucial to make it as helpful as possible
- [REDACTED] - it may be worth considering [REDACTED] to new B&L rep on the AHDB Board - he runs two different sheep systems one of which are Herdwicks
- [REDACTED] – Re 'smaller' unit – often small unit has one person that has off-farm income.

Persona 2) Hill farm with commons – key challenge to ensure they can fully participate in the schemes under E.L.M going fwd. Two aspects - Schemes need to be designed with commoners in mind. One challenge of CAP was that it was not. If we have schemes open and available to commoners – need to ensure right governance in place .

- [REDACTED] – quite a **difference between commons** on east side of Yorkshire (we know the owners, for example) and Cumbria (not so sure on ownership)...causes conflict in terms of management going fwd.
- [REDACTED] – **Length of tenancies** when entering into these agreements – huge barrier to tenants

- [REDACTED] – purposes of calculating management investment or net farm income, everyone is assumed to be a tenant – calculation of farm business income (preferred by Defra) not the case
- [REDACTED] - never going to get a cross-section to cover all commons, as long as something reasonable which understands the key factors involved. **Principle difference are farm holdings that need the common as part of their farm business and those that treat it as ancillary**
- [REDACTED] – could have 2 of the 5 that include commons, but with different characteristics. **We should can test with individuals not use specific named case studies.**

Persona 3) Productive upland farm – someone running an efficient farming business, thinks of themselves as an efficient food producer. Not particularly interested in E.L.M. Would still be impacted – moving from subsidies to more market facing world. Will need to adapt and other forms of support – similar to how Government provides support to a range of sectors

- [REDACTED] – **Looking at upland dairy in this one?** Yes
- [REDACTED] – think about non-mountainous areas for this category
- [REDACTED] – one in the Peak District would fit nicely in here
- [REDACTED] – [REDACTED], Cumbria county-Durham. **What do we mean by productive?** [REDACTED] – in terms of the ratio that makes a living from an efficient business, with BPS taken into account
- [REDACTED] – considerably more upland farmers that would put themselves in this category than you'd think. **A lot up until now be dismissive of the environmental side – challenge to get good engagement in that.** [REDACTED] (farmer) could be good for this
- [REDACTED] - The Upland productive category would have a lower % of their farm as moorland and more as SDA non moorland and maybe DA as well
- [REDACTED] – experience is the most productive farms are the ones who do engage with the environmental schemes – does that imply the other groups are more likely to dovetail into E.L.M and these wont?
- [REDACTED] - A number of cross-cutting themes coming up, a lot of sheep farmers in upland areas who would categorise themselves as more into areas of producing breeding stock – **might be worth considering that to ensure regional representation**
- [REDACTED] - Breeding vs commercial farmer. This category all about the land as much as the attitude – lower proportion/none land of moorland, but land has productive potential non moorland SDA
- [REDACTED] - often a distinct difference between upland and hill farms
- [REDACTED] – needs someone who doesn't farm moorland – non-moorland SDA

Persona 4) Hill farm sheep only – this type depends on BPS and E.L.M as a significant part of their income. Traditional hill farmer type who will stay there no matter what – don't see themselves as a public goods provider – much more traditional, hill farmer. Need some persuasion to join E.L.M. May be able to take advantage of other income streams i.e. tourism.

- [REDACTED] – important category, look at the scale which they're farming – **effective farm turnover less than a lot of peoples average wage.** Next year will present significant challenges as BPS reduces– **some have become disengaged with Defra's approach after looking at Defra's early offers in SFI**

Persona 5) Entrepreneurial more entrepreneurial and business-like than persona 4, but not quite productive upland farm type (scenario 3) – might think that sheep are not the way fwd, could be moving in part to cattle. Fits more in style with E.L.M – more traditional than a public goods provider

- [REDACTED] – why does keeping cattle make more financial sense? All the infrastructure that goes with that. Can run sheep much easier.

- [REDACTED] – clearly two approaches to beef production on these farms. Would find a lot of people who have invested in hill sheep that also have intensive approach to cattle on their farms – **need to be clear on what type of farmer we’re talking about here**
- [REDACTED] – hill farm sheep and cattle would categorise as HNV – important farming community from an environment perspective
- [REDACTED] – this category **typifies a north vs south split** – huge risk, TB is a significant concern here.
- [REDACTED] – recommend [REDACTED], NT tenant (and "young farmer") at [REDACTED]
- [REDACTED] - Gross margin for cattle per LU is higher than sheep but the fixed costs in terms of buildings and machinery higher
- [REDACTED] – FBS data suggests SDA specialist beef farms are the least profitable out of the four Defra defined categories
- [REDACTED] - Be interesting to know the proportion (of the total) of each of these types - roughly!
- [REDACTED] - So can we introduce a spectrum from traditional to entrepreneurial for each category? [REDACTED] –we don’t want to categorise people as ‘stuck in the mud’ – want to be as inclusive as possible
- [REDACTED] - first question any farmer needs asking is 'are you willing to change?'
- [REDACTED] – all the scenarios are about change, no change isn’t an option

Item 3 - Agree viability criteria – e.g. living wage generated for each FTE Labour unit ([REDACTED])

- [REDACTED] – viable farm should produce a living wage for each FTE (SLR?) – that should be the basis of viability. Is that a fair test of viability?
- [REDACTED] – as long as its broken down into FT proportions as well – fair reward for the amount of time you’re investing in the business
- [REDACTED] – dual purpose to bring out. Outward facing – current offers (Government and Private investment, options on the table) – can we get this to support some other work Defra is doing in mapping options and what those choices might be like through the transition. Playing those back (stress testing) to the department. We want to work with you to take some of these types, play it back, if viability is a challenge – we can then challenge colleagues to look at the offers again
- [REDACTED] **We need to do a SWAT on every single farm type – without understanding the threats and what you can do with the individual business, you can’t see a way fwd. Need to make clear what is available – make people look at their businesses, people don’t look ahead, know their accounts, or know the threats to their businesses – going to be sad that what is coming out about SFI in the press is stressing people out. If you’re in the hills, all you’re being told is to cut stock, that isn’t what a farmer wants to hear – have to move forward together, not in separate silos**
- [REDACTED] – have to have some level of base level viability to work from initially
- [REDACTED] –[via email] - I think it was clear yesterday but I wanted to clarify that the FTE that will be considered will be that of a farm owner rather than a farm worker or manager and represent the risk that they take in running a business?

Item 4 - Examine production and costings data through scenarios to assess options for adapting businesses over the next six years until 2028 ([REDACTED])

[REDACTED] - does this feel like the right list, anything we’ve missed? **Adjusting stock numbers and breed, B) Investment in technology, C) Reducing input costs, D) Reducing Fixed costs, E) Entering SFI and or LNR, F) Diversification, G) Land holding size, H) Role of trees / hedges and silvo pastoralism**

A) Adjusting stock numbers and breed

- [REDACTED] – a lot of farms will have looked at this already - have to be willing to allow businesses to develop

B) Investment in technology

- [REDACTED] – answer from the latest technology fund. A lot of upland farming businesses are still struggling to find the available capital. **Interesting to analyse which farm categories the money has gone to?**
- [REDACTED] – big issues on **broadband**
- [REDACTED] – Include investment in **infrastructure** in this as well?

C) Reducing input costs

- [REDACTED] – fundamental. **Business consolidation** – all the farmers who can't engage with the next bits. How to make the best out of what they've got
- [REDACTED] - **Maximising output value**
- [REDACTED] – missing **management practices**

D) Reducing Fixed costs

- [REDACTED] - Maximising output value

D) Entering SFI and or LNR

- [REDACTED] – should **expand to entering FF schemes**
- [REDACTED] – **new natural capital markets** is missing– [REDACTED] confirmed this is an explicit omission. **Should recognise there may be opportunities - but not practicable at this stage to include**
- [REDACTED] – **Doesn't mention LR** – is there a way in which that scheme could be accessible for groups of farmers to restore large areas of farmed landscapes (e.g. wood pastures) relevant to the uplands? Facilitation funding so they are not blocked out of that scheme
- [REDACTED] – agreed. Collaboration bonus in LNR – could look at something similar

E) Diversification

- [REDACTED] – **Still a substantive group of upland farms where the only diversification would be off-farm employment** (distinct difference between on and off farm diversification)
- [REDACTED] – Up to 5% - small percentage
- [REDACTED] – What about the **tourism** opportunity? [REDACTED] – in FBS terms, not always picked up if it's not in the main business
- [REDACTED] – traditional = tourism, unconventional = private markets

F. Land holding size

- [REDACTED] - People may choose to get bigger, or scale down to do another job
- [REDACTED] – A lot of opportunity to take the opportunity to sell, reduce, decapitalise to invest in the business to make it more viable in the long term. Avg farm size not as big as you'd think
- [REDACTED] – important consideration of businesses going fwd about where they should be thinking about contracting or expanding
- [REDACTED] - Becoming slightly too specific?

G. Role of trees / hedges and silvo pastoralism

- [REDACTED] – might have to learn to farm your **hedges** – valuable asset
- [REDACTED] – **woodland creating opportunities** – relationship between that and the future of upland farming key area
- [REDACTED] – Only support would be through SFI & LNR
- [REDACTED] – FC make the tree planting process too complex.

- [REDACTED] - There's an issue of lack of integration in incentives that pushes towards black and white land use change and against multi benefit land use

Item 5 - The Product; Pathways to Success ([REDACTED])

- What should this look like?
- [REDACTED] – simple, straightforward. Format that gives opportunity think, rather than tell people what to do
- [REDACTED] - Is the idea to help spell out route these different farming types can take to navigate the transition? and the mechanisms that need to be in place? **Yes**
- [REDACTED] – [Brexit tool kit](#) – help farmers navigate EU
- [REDACTED] - Upland farmers need to be aware (still) that the transition is happening – the rate of change getting faster
- [REDACTED] – short film clips about farmers talking to each other about this topic?
- [REDACTED] – NT have done a film/graphics/imagery as part of work on envisage tool – how you can help them picture that journey
- [REDACTED] – should we be engaging with the hill farming networks around the country?
- [REDACTED] - **how much knowledge we have about how much is around the corner. We don't know what these schemes are going to be looking like**
- [REDACTED] - I really like the alternative forms of presentation of conversations, video clips and graphics - perhaps short animations
- [REDACTED] – about giving people the capacity to adapt to change – some not about the policy, more about giving people confidence in looking at their businesses critically
- [REDACTED] – **Need some kind of directing – still want to know “will I be farming?”, “will this system allowing me to farm?” a lot of upland farmers worrying about that**
- [REDACTED] – some of the livestock auction marts are ready for this discussion – to bring them in and involve would be valuable
- [REDACTED] – Would be good to get something short to the farmers guardian and farmers weekly. Something brief to engage people
- [REDACTED] – **suggesting this is supporting critical business reviews – not providing answers – need to be careful with that**

Item 6 – Next Steps ([REDACTED])

- Continue this collaborative working with Defra. We have a sub-group meeting fortnightly – encourage people to join.
- Between now and next BPS, looking to have something available for Autumn (6-9 months, October) - we will know more about schemes by then
- [REDACTED] –Subgroup is meeting 05/04 to work up the project plan
- [REDACTED] – Offered to link [REDACTED] to the relevant data sets, appreciating capacity

AOB

- [REDACTED] – Need to ensure we're looking at everything from a tenants perspective as well
- It was agreed that this group should meet every 2 months.