Food, Farming
& Countryside
Commission

Briefing
March 2023

KEY MESSAGES

Government should provide clear frameworks for the collection and use of data, for both public and private sectors.

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Targeted investment is needed to shift practices and develop knowledge to guide the farming industry through the next 5–10-year cycle of change.

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Certainty on future farm policy and the long-term direction for the farming industry is imperative for farmers to make decisions on how to restructure their businesses.

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The critical business changes required in the farming transition are often at the whole farm level, but a lot of what is delivered on the ground is a tenant farmer model, not replicated in other industries. Available support needs to reflect this.

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At present, the risks and profits are not distributed equitably across supply chains. **Our next symposium in June 2023 will address the challenges in supply chains and provide fresh perspectives. More here**

Finding the finance for growth

Headlines and summary from our Farming Leadership Group Symposium Series

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On Tuesday 17th January, Farming Leadership Group members and expert guests from the worlds of farming and finance met for a cross-cutting symposium themed around the finance required for the farming transition. Sessions focussed on farm business profitability, the finance farming businesses require to move towards fair and regenerative practices, and the specific financial challenges and opportunities the tenanted sector presents.

The headlines section below captures areas where there was a high level of consensus on what is required to help accelerate and direct the finance required for the farming transition. The session summaries that follow outline the discussions from each session in more detail. The aim is to help identify areas for shared advocacy and the specific issues and finance needs that require further in-depth work and offer opportunities for collaboration. (Three appendices cover a brief summary of available Defra schemes, a compilation of relevant places, projects and publications, and a glossary of acronyms.)

This is the first in a series of cross-cutting symposia to be held by the Food, Farming and Countryside Commission (FFCC) over the next three years examining key areas for the transition in food, farming and land. Over that time, these summaries will provide an accurate and up-to-date account of the transition landscape that farm businesses are attempting to navigate, the novel ways many are rising to the challenges, and the lock-ins that need to be addressed to help accelerate the farming transition.

Headlines

Data Frameworks. Government should provide clear frameworks for the collection and use of data, within which both the public and private sector can operate.

- To measure the successful outcomes and value of the Environmental Land Management (ELM) schemes, government need to pick up data collection and baselining as part of the provision of ELMs.
- By setting methodologies and signposting the tools for best practice in data collection and baselining, there is a huge opportunity for government to provide confidence to banks and investment capital to invest in the fair and regenerative farm practices that can help to meet national climate and nature commitments while maintaining food security.
- By anonymising data collected through ELMs and making it publicly available in a central repository, government can drive positive change throughout the industry by making it easier for both public and private finance provision to be assessed and delivered where it is needed, and for the success of nature-based solutions to be verified for their positive impacts on climate and nature.

Finance to support and de-risk new business models and approaches. Investment needs to be assessed and targeted to shift practices and develop knowledge to guide the farming industry through the next 5–10-year cycle of change.

- This financial-change model should include finance for rapid and ambitious shifts in farm businesses, (such as to low/no-input farming and the adoption of whole-farm approaches), and to support farmers trialling new approaches and developing knowledge of regenerative systems.
- Crucially, finance is required for greater provision of peer-to-peer learning and inspiration to disseminate that knowledge, to contribute to initiatives such as The Institute for Agriculture and Horticulture and Cumbria's Land and Nature Skills Service and make farmers less dependent on the business-as-usual agenda of big agrichemical companies.
- To encourage and de-risk these investments from the perspective of financial institutions, equal weighting needs to be given to the assessment of environmental, social and governance (ESG) requirements of loans as well as financial return and debt serviceability.

Clarity. Certainty on future farm policy and the long-term direction for the farming industry is imperative for farmers to make decisions on how to restructure their businesses.

- The current uncertainty is leading to undesirable outcomes, such as low uptake of government schemes, a hesitancy to develop nature on-farm outcomes now and, in some instances, landlords being advised to take land back in hand from tenants to be ready for anticipated but as yet unknown changes.
- Government can inspire greater confidence and uptake of ELMs by clearly setting out the challenges farmers need to respond to and the support – in terms of finance, advice, and training – that is available to help them do so.
- This should set out the broad direction sectors need to be heading in over 5 - 30-year timescales, marrying sustainable food production with environmental targets, setting out the public money available and how this blends with private money, and the place of UK produce in global commodity markets, to help farmers plan the long-term changes needed to build viable and resilient businesses.

The Tenanted Sector. The critical business changes required in the farming transition are often at the whole farm level, but a lot of what is delivered on the ground is a tenant farmer model, not replicated in other industries. Available support needs to reflect this.

- Government should respond to the findings and recommendations set out in the Rock Review, setting out how the tenanted sector will be supported through the farming transition.
- Property rights and tax arrangements are immediate challenges, and there is a role for Treasury in combination with the Law Commission to look at how best to incentivise the delivery of public goods.

- While the changes are often long-term (30+ years), most tenancies are comparatively short (<3 years): There is a case to look at how to incentivise longer tenancies that give tenants greater security to invest the time and money in the changes required to restore nature and mitigate climate change while producing healthy food.

Supply Chains. While discussions focussed on finance, conversations kept returning to the issues to address around equity in supply chains and farmers receiving the proper value of what they produce. At present, across arguably all sectors, the risks and profits are not distributed equitably across supply chains, a situation at risk of being exacerbated as corporates are forced to examine and address their scope 3 impacts on nature and climate. For these reasons, **we are proposing holding our next in-person symposium on supply chains in the summer.**

Farm Business Profitability

This session examined the financial landscape farm businesses are facing and the measures businesses are taking to improve their profitability, from controlling the supply chain through direct selling and acting as a local food hub, to accessing public money and selling carbon and biodiversity credits through natural capital markets.

Policy uncertainty is undermining confidence across the farming industry. BPS is a big source of income in many sectors and 2023 is the year when those payments start to reduce significantly. Trying to restructure a farm business to meet that change without clarity on the money available going forwards is incredibly hard and is leading to reduced investment. Clarity on ELM schemes and productivity schemes beyond 2024 is essential.

Government also needs to provide guidance on how it sees public money working in tandem with the private sector. SFI is not designed to make up for BPS, but that is nevertheless the shortfall that farmers are trying to address and that a mix of public and private money will need to plug. Knowledge of how the stacking and blending of public and private money works in that context is essential for confidence and planning, as well as to ensure public value and avoid double payments for the same outcome.

Input costs are undermining confidence further. Output prices are fluctuating while the costs of inputs continue to rise. There are issues to address around equity in supply chains and farmers receiving the proper value of what they produce. At present, across arguably all sectors, the risks and profits are not distributed equitably across supply chains.

The lack of transparency in input costs is another issue that requires work. Currently the only way of forecasting fertiliser prices is to make a proxy analysis from gas prices. The NFU are working with government to get more transparency and to help farmers make more informed decisions about how projected changes in input costs will affect the profitability of their businesses.

Difficulty accessing finance. At a time when farmers are needing to change their business models in response to a range of challenges, their profitability is coming under pressure from different sources. This is putting pressure on the credit available to farm businesses from lenders, which is making it harder to access the working capital required to restructure and transition the business.

A clear, long-term vision for the future of UK agriculture from governments and farming membership organisations – marrying sustainable food production with environmental targets, setting out the public money available and how this blends with private money, and the place of UK produce in global commodity markets – is much needed to generate confidence for farmers and finance providers.

Accessing natural capital markets. It was reported how one group of farmers have come together to sell their carbon, with carbon trading and verification provided by a UK based company specialising in carbon and natural capital trading. The farm emissions are taken out of the carbon available for trading, ensuring that only the extra carbon sequestered by the farm (above the emissions generated by the business) is available for sale.

The group is also beginning to trade biodiversity and sees huge potential for revenue in the biodiversity markets that are opening up. (This raises the question of accessing the appropriate skills to ensure quality of the offer; to help ensure the suitability and permanence of biodiversity gains, ecologists or other accredited professionals may need to be contracted in.)

Holistic management and planning is essential at a time when there are so many pressures on profitability. It was reported how one business has taken BPS off the budget entirely as a starting point for future money, with Countryside Stewardship (CS) schemes remaining an important source of public money. The aim was to take the risk out of the business by moving away from a high input, high output system towards a more circular system, which is proving successful.

At the heart of this approach to reducing risk is reducing the use of – and overall reliance on – chemical inputs. With input costs high and likely to remain so due to the ongoing war in Ukraine, with knock-on effects on gas prices and the manufacture of synthetic nitrogen as well as the export of mineral phosphates from Russia, there is strong incentive to find alternative ways to support soil fertility. Biological inputs, such as using species of bacillus bacteria as natural fungicides and brewing nitrogen fixing bacteria on farm for injection into the soil rhizosphere with a modified drill, are potential alternatives. If the twentieth century was the chemical century, then the twenty-first promises to be the biological century when it comes to farm inputs – with new and existing businesses entering the market to provide these alternatives.

One business reported they have been able to sell direct to customers and control their supply chain by acting as a local food hub. This diversification, however, has led to no longer being listed as an agricultural provider, because the primary business income is considered to no longer be directly from farming. This affects the risk assessment of mortgage applications and consequently the affordability of the mortgage for the customer.

Unlocking markets, such as for lupins or goat, was discussed as an area that is beyond the farmer's control, but that could help businesses to diversify further. The demand- and supply-side solutions will be different for different products, with investment in key processing infrastructure – such as a network of local and/or mobile abattoirs in the case of goat – a constant.

Securing Finance for Regenerative Farming Businesses

The focus of this session was to examine the finance required for farm businesses to move to more regenerative practices and systems and identify any gaps in provision – particularly the sectors, business models, and types of farms where finance is more difficult to access.

BANK FINANCE

Traditional high-street lending, which is low risk and low return, assesses a customer's ability to borrow on both security value and their ability to service their debt. It is difficult, for example, for such a bank to lend without at least three years of satisfactory accounts even if the capital value of the security is satisfactory. The right kind of customer, in the lender's eyes, is able to demonstrate under a stress scenario that they can repay the loan, which is calculated on accounts from the last three – five years and/or, in some cases, on projections.

Relying on BPS to underwrite profitability across the industry was always an unsustainable approach, but that dependency is now hobbling farms as they attempt to transition away from basic payments. This is not an issue with credit, but with the serviceability of debt at the point of assessment, which is why losing BPS is such an issue. As income reduces, so the viable debt threshold reduces.

This issue of serviceability is also why farm businesses that aim to make rapid and ambitious shifts in their farming practices and business model can struggle to access the bank finance to do so. For a traditional high-street lender assessing a loan to such a business, they will need to see that the existing enterprises can largely support and service the debt required for any new project or will need to see strong evidence of projected returns, such as confirmed contracts or guaranteed income.

Assessing loans to farming businesses. It was recognised there is a need to amend assessments to take into account environmental, social and corporate governance (ESG) performance alongside business performance when it comes to debt serviceability. Lloyds's Clean Growth Financing Initiative (CGFI), for example, is designed to make money available to more businesses on these terms, with the aim of more lending linked to sustainability outcomes as well as widening provision to Small and Medium Enterprises (SMEs), with loans down to £25,000. It was reported that a guarantee scheme from government for such loans would help to increase viability in the short term.

Ultimately, while banks may like to open their provision through novel routes, they are bound by existing industry regulation. In the case of a farm business which has diversified with a restaurant or farm shop, for example, Standardised Industry Codes (SIC) assess risk based on the sector to which the highest proportion of a business's income belongs. Hospitality is considered much higher risk than farming in this case. Work is underway to account for changes to businesses (such as opening a farm shop) to count as a farm business diversification option, rather than being assessed under a different sector (which in the case of a farm shop would be retail).

Regulation. Increasing pressure is coming on banks to account for their climate and nature impact from bodies such as the Task Force on Climate-Related Financial Disclosures (TCFD) and Task Force on Nature-Related Financial Disclosures (TNFD). Farmers will be tasked with that reporting as bank customers – and in some cases already are. There is a danger that banks withdraw finance from high emissions activities or that the climate impacts associated with livestock farming are passed on to livestock businesses in the costs of finance. This is why it is important to measure different types of systems across carbon, emissions, soil health, water and air quality, and social outcomes at a granular level, to ensure different farming businesses, activities and approaches are fairly assessed and financially rewarded for positive changes.

Risks and Opportunities. For those farm businesses that bought their inputs when costs were comparatively low at the start of last year and then benefited from high commodity prices, their concerns may be more about the tax bill heading their way. At the macro scale, the argument was made that across the industry farm business accounts have never looked so healthy and that negative rhetoric is not helping lenders' perception of farming: if agriculture comes to be seen as a high-risk sector, then banks will increasingly question whether to invest.

At the same time, bank lending is dictated in large part by those businesses with a track record of being a customer and who are often, therefore, of a certain scale. With banks' principal marketing activity being farm lending, there is likely to be little or no visibility of those not borrowing – a particular issue with SME businesses where demand may be discouraged and suitable finance hard to come by. At a time when relationship managers are being lost, the vast majority of farm business customers across the industry are served digitally; it was reported that the data from digital provision is likely to improve rapidly in coming years, though digital business analysis is somewhat formulaic. And this may raise further issues of access – to do with rural broadband connectivity, for example.

Specialist lenders. There are a small number of new banks coming to the market. Moving away from the model high-street banks are required to adopt, they are able to lend on projections alone. The Oxbury 'New Gen' scheme is an excellent example of this. It is able to provide 100% of the finance required for the new entrant. Alongside the loan the successful applicant will also receive 3 years of business and financial advice (up to 4 meetings per year), paid for by Oxbury. Again, this advice being delivered to meet ESG requirements as well as financial return and debt serviceability is essential.

NATURAL CAPITAL

Natural capital markets are another developing avenue for farm businesses to secure finance through selling natural capital credits, including for carbon, nature, or nutrient management. Risks and opportunities were noted in this emerging area, with big uncertainties remaining over the data required to verify and certify desired outcomes.

Biodiversity Net Gain. The Environment Bank, for example, are working through Biodiversity Net Gain (BNG). They work with farmers and land managers who have a desire to improve their natural capital, paying for upfront costs of habitat creation and management agreements. For that, Environment Bank own the BNG credits on that land, with the farmer receiving a guaranteed payment for thirty years. If returns are better than expected, or if potential for greater uplift in a particular asset class is subsequently discovered, that increased value is shared with the farmer / land manager.

One challenge, discussed further below, is the lack of certification and accreditation methodology. Habitat banks cannot set up their own panels to cover that because accreditation needs to be transparent and independent, without the potential for conflicts of interest across financial and non-financial (I.e. environmental) metrics.

Another potential tension was noted between food security and biodiversity improvements. From a BNG perspective, the most impact is often to be had from transitioning grade three and four agricultural land. Even in less favourable land for food production, however, it was noted that changes need to be understood through a land sharing lens where nature-friendly farming practices and BNG (and more broadly food security and biodiversity) go hand in hand. This also helps to ensure that total biodiversity gain across holdings and landscapes is positive, rather than gains in one part of the farm being wiped out by damage elsewhere. For this a whole farm plan at the point of assessment is essential.

Assessing applications. Environment Bank conduct a triage assessment on all applications (with land managers / farmers registering their land with Environment Bank) to ensure total biodiversity gains are positive. This also considers social outcomes, with risks noted that landowners may take land back in hand and away from tenants to access schemes and secure thirty-year income: a landlord looking to remove a tenant from the land to access BNG credits, or a tenant applying without landlord collaboration and consent, would therefore be immediately discounted at the point of assessment. Habitat banks need to ensure their application process and documentation is open to tenants with landlord consent.

Natural Capital and Bank Finance. In terms of how natural capital markets and bank finance can mesh effectively to support climate and nature-positive changes for farm businesses, it was heard that a guaranteed income stream from selling BNG credits counts as projected income that banks can lend against. Thirty years of guaranteed income, for example, improves a farm business's debt serviceability at the point of assessment. It was reported that longer contracts from retailers and supply chain actors would also help to act as security in this regard.

Permanence. Concern was noted around the permanence of biodiversity and carbon credits in a changing climate. There was also concern about the future planning changes and demand pressures that might see housing or infrastructure development on land entered into biodiversity schemes. The response was that, in such cases, the prospective offsetting commitment would be greater because of the vastly improved ecological value of that land. This would both discourage development or, in cases where development were to occur, lead to greater benefits through offset accounting than if the land had remained in its original condition.

Data and baselining

Reliable data and baselining are essential for the success and credibility of these new markets if they are to address the climate and environmental crises they are designed to tackle. As the overwhelming importance of good data becomes ever more apparent, there is also the rapidly growing awareness of the difficulties of collecting good data and making it available to drive positive change.

Public Money for Data Collection. Who needs to pay for data and how much is it worth? As the government and Defra cannot measure the success of ELMs delivery without good baseline data and ongoing data monitoring, it was agreed that a combination of Government, Defra and the Rural Payments Agency should pay farmers with public money at a fair rate to collect the necessary data, as a cornerstone of ELMs delivery.

Regulation and Verification. In terms of regulating and verifying that data, there is a further role for Defra to standardise methodologies. With multiple carbon calculators available, government can be the trusted provider of the overarching frameworks for collection, providing the regulation that can give confidence and clarity for investors and farmers looking to these emerging markets as a source of income.

Accessible Data. It was also broadly agreed that the data collected under the delivery of ELMs is a public good that should be held in a public-funded central repository. This data, collected using the same methodologies and frameworks and subsequently anonymised, can help with baselining and monitoring across the industry.

This would have a range of positive outcomes and applications as scope three impacts come under increasing scrutiny because of COP commitments and through the Task-force for Climate-related financial disclosures (TCFD) and the Task-force for Nature-related financial disclosures (TNFD).

- A central repository of accessible data can be used to help verify national progress towards legally-binding targets while at the same time helping farm businesses transition to meet them on the ground.
- This data would also give confidence and verifiable security to banks looking to lend against their ESG commitments.
- And by functioning as a central repository for carbon, biodiversity, and nutrient-neutrality data, this would also help to ensure the fair and transparent working of those markets for all involved, allowing the market to set prices against strict criteria of delivery.

Crucially, these changes would also serve to verify the additionality of emission reductions and nature gains. As the TNFD puts pressure on corporates to examine their impacts on nature and the TCFD does the same for climate, part of their role is to ensure there is no double counting across supply chains and scope 3 impacts.

There is scope for membership organisations to support the Green Finance Institute (GFI) with the TNFD mandate roll out - to require full disclosure of use of and impacts on natural capital on the part of corporates, so that they can report on these, reduce impacts, and offset the residual impacts on natural capital by buying into land-based management interventions to restore nature, ensuring ultimately that corporates become nature positive.

Data to Action. Moving attention from the data to the action it supports, there are challenges to be addressed at the farm level. With greenhouse gas emissions and sequestrations, only additional carbon sequestered above that which is required to ensure the business is net zero may be sold as carbon credits. Accurately accounting for that with baseline assessments of emissions and sequestrations and subsequent monitoring is vital. Similar challenges exist for biodiversity and nutrient neutrality credits: where should the baseline be set in nature-depleted landscapes or already polluted waterways?

Risks for farmers. The risks to farmers of these markets were also raised. It was noted there is an issue with farm businesses deciding to sell credits but then not meeting scope three requirements as they are subsequently written into contracts with processors or retailers further down the line. Concerns were raised about cases where, for example, a farm sells BNG credits for a thirty-year term only to require them later as contracts are updated to meet scope three requirements. It was reported that one remedy for this could be to prioritise longer contracts, while also working to improve relationships between producers and processors. Arla, for example, is owned by the dairy farmers that supply them, with contracts agreed and terms set by the elected board members.

There is also the challenge over how smaller businesses can access these markets. Groups of farmers coming together to form mutuals or co-operative style arrangements is one option, as was heard in the farm business profitability session.

The Tenanted Sector

This session included a presentation on the findings of the 'Rock Review: working together for a thriving agricultural sector', with a chance for the room to respond. A wide-ranging discussion was had on the challenges and opportunities that financing the farming transition for the tenanted sector presents.

Members unanimously called for government to respond to the findings and recommendations set out in the Rock Review.

Public Money needs to be available to the tenanted sector. At a time when public money for a range of sectors and services is coming under significant pressure, there is a danger that if delivery of the ELM schemes does not see substantial uptake from farmers, public money available for agriculture may be reduced or withdrawn. Beyond 2024 and moving into the next parliament, the challenge for Treasury is where they predict growth in uptake. With incremental growth in farmers using Countryside Stewardship (CS) / CS Plus schemes expected, big growth in the Sustainable Farming Incentive (SFI) and Landscape Recovery (LR) schemes will be essential to ensure the current £2.4bn agricultural support budget for England is maintained beyond 2024.

Regarding the 64% of England's total farmable area which is farmed as whole or part tenant holdings, the priority is to ensure public money is available and accessible for tenants. A CLA survey of their landlord members found that 90% have started discussions with their tenants to deal with the transition away from BPS, with greater engagement from larger landowners. The Rock Review, 'Working together for a thriving agricultural tenanted sector', recommended that evolving and extending the ambition of the existing CS scheme could help to deliver the aims of ELMs while maintaining support that many tenants are already accessing and familiar with.

More generally, collaboration between landlords and tenants is essential for the successful uptake and delivery of environmental schemes. While The Rock Report finds the desire to collaborate in the tenanted sector is strong and, in some cases, already happening, there is a risk of unintended or undesirable consequences if strong working relationships between landlords and tenants are not prioritised. Incentives to rewild or farm carbon risk seeing land withdrawn from tenancies and either sold or placed under contract management. This could not only be disastrous for the tenanted sector, but detrimental for rural communities, sustainable food production, and national food security.

Longer-term tenancies and revised tax arrangements could help to make it far easier for tenants to plan changes and access public and private money for environmental schemes. At a time when farmers are being asked to make changes to their businesses that may be thirty years or more in scope, most tenancies run for between 3 to 5 years maximum. One way to remedy this situation could be to review taxation frameworks to encourage landowners to let land on longer-term agreements (8 years or more), with tax relief designed to incentivise the delivery of public goods.

Lots of behaviour is driven by tax, with land seen as an investment asset class. Making tax relief easier to access for the Landlords who grant long-term tenancies could help to create the enabling environment for tenants to invest in and deliver environmental restoration schemes and reduce the risk of them taking land back and doing more contract farming.

More generally, the Tenant Farmers Association (TFA) have elsewhere reported that Farm-Business Tenancy (FBT) numbers are static, if not reducing, and Agricultural Holdings Act (AHA) tenancy numbers are reducing. Industry uncertainty is leading some landlords to take land back, rather than let it out, so as to be in pole position for possible changes as they arise.

Broader structural changes to the tenanted sector are also needed to help landowners and tenants meet the many challenges that are being asked of them. The Rock Review recommends the Law Commission be appointed to review existing legislation and propose updates suitable for the challenges of the twenty-first century, while taking note of the legislation that already exists to cover specific issues.

More investment from landlords and tenants, as well as public money, could help to improve the skills and infrastructure available to the tenanted sector.

Tenant Farming Commissioner. Proposals for a commissioner for the tenanted sector, for landowners, tenants and land agents, received broad support. In Scotland, for example, the tenant farming commissioner has done a good job of helping address what had begun quite a divisive and toxic discussion. This role of sector commissioner has parallels in other sectors – for example in the property sector – and has an important part to play in nudging the sector towards better practice.

Appendices

DEFRA FINANCIAL SUPPORT

Defra is providing long term funding through SFI, Countryside Stewardship Plus and Landscape Recovery.

- The **Sustainable Farming Incentive (SFI)** will pay farmers to adopt and maintain sustainable farming practices that can protect and enhance the natural environment alongside food production, and also support farm productivity (including by improving animal health and welfare, optimising the use of inputs and making better use of natural resources)
- **Countryside Stewardship (CS)** will pay for more targeted actions relating to specific locations, features and habitats. There will be an extra incentive through CS Plus for land managers to join up across local areas to deliver bigger and better results
- **Landscape Recovery (LR)** will pay for bespoke, longer-term, larger scale projects to enhance the natural environment.

A comprehensive update on the Environmental Land Management schemes can be found here.

Defra is also providing one-off grants through its investment, innovation and resilience funds. Applications are assessed via online eligibility checkers.

The Farming Investment Fund provides grants to improve productivity and bring environmental benefits, offering up to 40% of the eligible project costs, and is made up of 2 separate funds:

- **Farming Equipment and Technology Fund (FETF)** for grants between £2,000 and £25,000. £46million has been allocated to this fund and there are already 4,000 farmers benefitting from it. The FETF supports the purchase of equipment, technology, and infrastructure designed to improve agricultural, horticultural and forestry productivity in a sustainable way. The fund does this by offering a grant towards the cost of specific items from a list. The items for the first round were identified following consultation with farmers, industry groups and other stakeholders and the same approach is being adopted for the next round.

- **Farming Transformation Fund (FTF)** for grants between £25,000 and £500,000. This fund provides grants towards large capital items to help businesses improve productivity, profitability, and environmental sustainability. There are 4 grants: slurry infrastructure, adding value, water management, improving farm productivity.

The Farming Innovation Programme has been allocated £270million and is part of Defra's investment in innovation, research and development. Defra is partnering with UK Research and Innovation (UKRI) to fund projects that benefit farmers, growers and foresters in England. All funding is awarded through competitions. This means applications for each competition will be judged, and only the successful ones will be funded. Funding is only awarded to those working collaboratively as a team. The programme's aims are to:

- help farmers, growers and foresters increase productivity, sustainability and resilience
- reduce the environmental impact of agriculture and horticulture
- apply agricultural research to provide real benefits for farmers, growers and foresters
- use science to develop solutions for the practical challenges in agriculture and horticulture

The **Future Farming Resilience Fund** awards grants to organisations to provide free business advice. They work with farmers and land managers to understand how the removal of BPS will affect their businesses and help them to plan for the future. The fund was modelled on the very successful Prince's Countryside Fund resilience programmes. Any farmer or land manager who receives BPS in England is eligible to receive this free advice during the early years of the agricultural transition.

So far 9,000 farmers have signed up to benefit from the fund. The final phase of support opened in October 2022 when £32 million was awarded to 17 organisations. This will support up to 32,000 farmers and land managers until March 2025.

There is some concern that the 17 organisations are working competitively and for this to be a real success there needs to be more collegiate working.

RELEVANT PLACES, PROJECTS AND PUBLICATIONS

CLA and TFA joint guidance on entering public and privately funded environmental schemes: **CLA and TFA issue joint guidance for environmental schemes • CLA**

Environment Bank: **Biodiversity Net Gain (BNG) Units | Environment Bank**

Green Finance Institute: **Green Finance Institute**

The Institute for Agriculture and Horticulture: **TIAH - The Institute for Agriculture and Horticulture**

Land and Nature Skills Service (Cumbria): **A Land and Nature Skills Service for Cumbria? – Food, Farming and Countryside Commission (ffcc.co.uk)**

Lloyds Clean Growth Financing Initiative: **Clean Growth Financing Initiative | Business | Lloyds Bank**

London School of Economics report: **'Just Nature: How finance can support a just transition at the interface of action on climate and biodiversity'**

Oxbury Bank New Gen Scheme: **Oxbury New Gen | Oxbury | The Agricultural Bank**

The Rock Review, from the Tenancy Working Group: **Rock Review: working together for a thriving agricultural tenanted sector – GOV.UK (www.gov.uk)**

Soil Association Exchange: **Profitable & Sustainable Farming | Soil Association Exchange**

The Green Farm Collective: **HOME | Greenfarmcollective**

Global Farm Metric: **globalfarmmetric.org**

GLOSSARY

AHA Agricultural Holdings Act (referring to tenancies created under the 1986 Agricultural Holdings Act).

AHDB Agriculture and Horticulture Development Board

APR Agricultural Property Relief

BPS Basic Payment Scheme

BNG Biodiversity Net Gain

CGFI Clean Growth Financing Initiative (Lloyds Bank)

CLA The Country Land and Business Association

CS Countryside Stewardship scheme

ELMS Environmental Land Management Scheme

ESG Environmental, Social and Corporate Governance

FBT Farm Business Tenancy

FETF Defra's Farm Equipment and Technology Fund

FTF Defra's Farming Transformation Fund

GFI Green Finance Institute

LNR Local Nature Recovery (tier of ELM to pay for targeted local actions to support wildlife alongside food production, now rebranded as CS Plus)

LR Landscape Recovery (tier of ELM to pay for large-scale environmental and climate projects)

RPA Rural Payments Agency

SFI Sustainable Farming Incentive (tier of ELM to pay for environmentally sustainable farming activities)

SME Small and Medium-sized Enterprises

TCFD Taskforce on Climate-related Financial Disclosures

TFA Tenant Farmers Association

TNFD Taskforce on Nature-related Financial Disclosures

TIAH The Institute for Agriculture and Horticulture