

A response to the Defra Consultation

“Health and Harmony: the future for food, farming and the environment in a Green Brexit”

Cm 9577¹

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Overview

The key questions

A consideration of public spending on the UK farming sector requires that we address three key questions:

- (1) What are the farm related public goods that public spending should support?
- (2) How should that spending be allocated?
- (3) How much should be spent?

These questions, and their answers, are inter-related. Addressing Question (1) requires a clear understanding of the benefits that farming can provide, which of these are private goods best provided by markets, and which are public goods requiring public support. The Defra Consultation on “Health and Harmony: the future for food, farming and the environment in a Green Brexit” (Cm 9577; Defra, 2018), together with the Government’s 25 Year Plan for the Environment (H.M. Government, 2018), goes a long way to providing the answer to this question. While further refinement is possible, this is a very major improvement on the previous regime under the Common Agricultural Policy which has dominated UK agricultural support for nearly 45 years. Provided that these changes are implemented, then Defra is to be congratulated on this.

The Consultation says less about Questions (2) and (3). Yet these flow from (1) and will determine the effectiveness of the policy. Question (2) addresses two issues. First, the way in which funding is allocated determines both its uptake by farmers (e.g. heavy bureaucracy or risky payments may deter involvement in publicly funded schemes) and the value for money which it delivers (e.g. introducing elements of competition for funding and, where reasonably possible, payments for outcomes rather than actions, can substantially alter the effectiveness of funding). Second, the degree to which farms can deliver some public goods (particularly those related to the natural environment) varies markedly between locations. Targeting funds to those locations which yield the highest net benefits can significantly improve value for money to the taxpayer.

The consultation says little about Question (3) yet it is clear that varying the amount that is spent on farm subsidies will be a major determinant of the level of public goods provided.

¹ The consultation is available at: <https://www.gov.uk/government/consultations/the-future-for-food-farming-and-the-environment>

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Given this, while addressing the issues raised in the consultation, the present note opens with a consideration of all three of the above questions.

What are the farm related public goods that public spending should support?

Agriculture is a private enterprise and food is sold in markets and is therefore by definition a private rather than a public good. Public subsidy of private production is unusual and runs the risk of consumers paying twice, once as purchasers of food and again as taxpayers. Indeed while a good case can be made for access to food being a public good (e.g. preventing food poverty through social security payments), it would be highly inefficient to deliver this through the subsidy of food production itself (which would not address access problems for the poor).

Environmentally related public benefits include, but are not limited to:

- Improved soil health
- Water quality improvement
- Water quantity regulation
- Flood risk reduction
- Air quality improvements
- Reduction and storage of greenhouse gases
- Provision of habitat for wildlife
- Conservation and enhancement of biodiversity
- The provision of greenspace and amenity views
- Recreational access
- Improvements to physical and mental health
- Production of alternative outputs such as timber
- Potentially: compensation for environmental damages elsewhere in the economy

The above list is not exhaustive. Furthermore many of these environmental benefits can be co-created by which we mean that the use or management of farmland can be arranged to generate several of these benefits at the same time. For example, an area which is manged to reduce water pollution might also deliver flood prevention, wildlife habitat, carbon storage and recreational benefits. It is the net benefits to society which farming can generate which should form the focus for future public subsidies.

There are a number of nuances which any subsidy scheme would have to generate to be successful. For example, it may well be that one efficient way to stimulate the production of public benefits from farming is to support certain (although not all) techniques for improving the productivity of farming. Techniques which improve food production at the same time as lowering environmental impacts are likely to provide a vital route for achieving certain of the Government's 25 Year Environment Plan objectives (H.M. Government, 2017). This would include the application of technology supporting increased productivity which results in 'land sparing' and commensurate environmental improvement on that 'spared' land (Lamb et al., 2016). Approaches which make environmental improvement more profitable for farmers are to be strongly encouraged. The large majority of farms will still have the profitable production of food as their primary object. However, the level of any public subsidy has to be orientated towards the consequent improvement in public goods (here environmental quality) rather than increasing the private production of food. So technology which raises output without delivering a net improvement in public goods (e.g. environmental quality) should not be supported by public funds. Regulation of environmentally damaging activities will remain an important policy tool into the future.

While the Consultation is correct in stating that environmental benefits are likely to be the major public goods provided by farms and therefore the main focus of public subsidy, delivering this objective requires that at least two other issues should be considered. First, farms play an important part in rural communities, providing employment and livelihoods as well as a less tangible social role. Second, there is substantial evidence that, in the absence of any public funding, certain sectors of the farming community would face substantial economic hardship. The alleviation of such hardship is a social benefit in its own right. However, even from a purely environmental perspective, without a viable economic future it is feasible that some of the environmental benefits highlighted above would not be delivered in some areas of the country. Farm financial collapse is a possibility for some farming communities. While temporary abandonment of land is a possibility, long term this is more likely to lead to the consolidation of smallholdings into larger units. The environmental (and indeed social) consequences of such change need to be considered if we are to deliver the long term vision of the 25 Year Environment Plan. Given this, there may be a case for the provision of an income safety net linked to the provision of environmental public goods. Bateman (2017) argues for a move away from per hectare payments – which the consultation advocates – with most of the saving going to public goods as above but with some being reserved for use on a per farm basis to avoid hardship.

Finally, some, including the Secretary of State, have argued that animal welfare is a public good (Nurse, 2016; MRCVS, 2018). However, there is a question regarding the potential moral hazard of using public funds to prevent low levels of animal welfare as opposed to the use of regulations backed with trade restrictions against the import of food produced to lower standards.

How should public spending on farm public goods be allocated?

As noted above, there are a number of aspects to the allocation of public support. Current support has been heavily criticised as overly bureaucratic, and one of the advantages of the per farm income safety net approach (Bateman, 2017) is its ease of operation³. Future schemes have to avoid excessive bureaucracy as the time taken and challenges involved in some schemes are clearly a deterrent to participation. Linked to this, if potential payments are seen to be at risk then this will also deter farmers. So if there is a chance of incorrect form filling resulting in payments being disbarred this will reduce participation. This risk also affects the very worthy desire to try and move the basis of payment away from funding actions and towards rewarding outcomes. There is a clear inefficiency associated with paying for actions which may not deliver the desired benefits; obviously paying for delivered benefits is far more efficient and mimics private markets which consumers pay for what is delivered. However, there is always a risk that a given activity may not deliver a desired outcome. For example, if a farmer provides high quality bird habitat in an appropriate location, but no birds happen to roost in that habitat then, under a strict payment for outcomes regime no subsidies would be provided. Clearly it is reasonable for risk to be shared between the farmer and the taxpayer in many situations, otherwise environmental schemes will not be engaged with.

Linked to this, there is very considerable potential for Defra to both reduce bureaucracy and improve efficiency through the use of competitive tendering for public goods provision. There has been considerable use of Payments for Ecosystem Services (PES) mechanisms such as reverse auctions where farmers are asked to submit bids to undertake environmental improvement works (Elliott et al., 2015). These approaches have also secured the involvement of the business sector – such as water companies – in funding environmental improvements (Day and Couldrick, 2013).

³ Like all rules, some refinement is needed. For example non-economic ‘hobby’ farms should be excluded and the division of existing farms to increase subsidies de-incentivised by simply ensuring that such actions would also divide subsidy payments.

A key issue will be the targeting of subsidies to those locations which deliver the best value for money in terms of the public benefits delivered. Here advances in data availability, modelling and monitoring can provide very considerable assistance to Defra and their ongoing investments in these areas should provide considerable decision support. The natural environment is highly variable not only in its physical nature but also in the benefits that it can deliver. This information needs to be used to target at least some public expenditure. The state of this information is such that piloting of such targeting could commence in the short term with the proportion of expenditure being targeted increasing over time.

Finally there is considerable scope for involving the private sector in the funding of public goods provision. As mentioned above there is already good firm examples of such actions in the water sector. However serious consideration should be given to involving the building sector in such activities and planning agencies should be geared up to facilitate such involvement.

The November 2017 Budget committed the Government to building 300,000 new homes each year in England alone. Given this outlook there is clearly potential for more rigorous compensation requirements to ensure that this does not lead to the degradation of natural capital but rather provides an engine for environmental improvement. Given the area of land required for this level of development it seems inconceivable that any genuine level of compensation could not involve farmland. If targeted using available information, the potential exists for such compensation schemes to provide both genuine net gains in environmental quality and farm income support.

How much should be spent? The appropriate level of public subsidy for farming

Arguably the most major issue concerns the level of public subsidy going into agriculture. This is not explicitly tackled in the Consultation however page 7 of the Executive summary states:

- “8. We will maintain the same cash total funding for the sector until the end of this parliament: this includes all EU and Exchequer funding provided for farm support under both Pillar 1 and Pillar 2 of the current CAP. This commitment applies to each part of the UK.”

Current public subsidies under the EU Common Agricultural Policy (CAP) amount to about £3 billion per annum, equivalent to about half of UK farm incomes (Lang et al., 2017). This is a substantial sum and it is unusual for the public purse to provide such a high proportion of income for a sector of the economy.

While a full and targeted assessment has yet to be undertaken⁴, policy estimates (including the Consultation document itself)⁵ and the research literature (e.g. UK NEA, 2011), including our previous work (e.g. NCC 2015, 2017), suggests that current levels of public funding for farming might well be justified if it were targeted towards the potential public goods, such as environmental and related benefits, which farms could provide.

⁴ The Government’s 25 Year Environment Plan (H.M. Government, 2017) proposes a national assessment confined to England starting in 2022. However, it is unclear whether this will formally assess the potential for public goods from farming. The delay of such assessment into the next decade fails to address the urgency of this issue.

⁵ The Consultation document (Defra, 2018) estimates that every £1 invested through agri-environment schemes delivers roughly £4 worth of benefits.

Comments on consultation questions

Executive Summary

1. Agriculture: the case for change

Page 15 of the Consultation states:

“Our aim is for public money to buy public goods. In 25 years’ time, we want cleaner air and water, richer habitats for more wildlife and an approach to agriculture and land use which puts the environment first. From 2022 onwards, a new environmental land management system will be the cornerstone of our agricultural policy, achieving improved biodiversity, water, air quality, climate change mitigation, and the safeguarding of our historic landscapes. This will allow us to fulfil our manifesto commitment to become the first generation to leave the environment in a better state than we found it. Our aim is for public money to buy public goods.”

Similarly on page 31 the Consultation states:

“We will replace the Common Agricultural Policy with a new system which pays public money for public goods.”

We strongly endorse these aims.

Moving away from the Common Agricultural Policy in England

2. Reform within the CAP

Efforts to make it easier for farmers to apply for Countryside Stewardship and the Basic Payment Scheme are welcomed, as is the proposed extension to competitive schemes such as the Hedgerows and Boundaries Grant.

3. An ‘agricultural transition’

We strongly agree with the Consultation that the per hectare basis of Direct Payments means that they are poor value for money from taxpayers. They inflate land prices and rents and provide little incentive for the production of public goods from public money. Furthermore they very substantially distort funding across farms channelling funds towards the biggest farms in the industry such that the 25% of largest farms capture nearly 75% of public funding (Bateman, 2017) at a time when many medium and small farmers are struggling financially.

We therefore welcome the proposal to phase out per hectare Direct Payments, and also welcome Defra’s clear recognition of the current reliance that many farms have upon the scheme. This will be particularly important for farms which currently operate at the edges of financial viability.

The potential clearly exists for current levels of funding to be redistributed more evenly across farms in a way which incentivises environmental improvement and public benefits and through this stabilises incomes for the average and smaller farm for whom challenges such as price volatility can pose major threats to financial viability.

The consultation suggests a number of approaches for the process of phasing out Direct Payments. These focus upon reducing payments to the largest recipients. These are broadly welcomed however we feel it is important for the Government to stress that this does not imply that large farms will not receive payments under a future ‘public funding for public goods’ scheme. Our objection to the current approach is many-fold but includes the fact that it channels public funds towards big farms just because they are big, not because of the public benefits they produce. However, large farms should not be excluded from funding for environmental improvements and if those improvements are large then this should be reflected in the level of payments.

Returning to the present phasing out of Direct Payments, the Consultation suggests either the application of progressive reductions, with higher percentage reductions applied to larger farms in higher payment bands, or the simple application of a cap to the largest payments. Given that information on farm size is already the basis of payments then there is no additional information needed to implement either scheme however the capping approach seems rather crude. The progressive reductions approach could include a zero reduction for the smallest farms with a tapered increase in the rate of reductions up to an effective cap (i.e. 100% reduction) above a set land area. This would still provide large farms with some transitional support and the degree of taper can be designed to ensure there is no net cost over the cruder simple capping approach.

4. A successful future for farming

Farming excellence and profitability

Page 25 of the Consultation states that the Government will “encourage a focus on stronger resource efficiency and sustainable growth”. It would be useful to see a clear statement of the linkage between this and the focus upon public benefits and environmental improvement considered elsewhere in the paper. Coherence is perfectly possible here. If that focus on resource efficiency is seen as a method for ensuring that the degradation of the natural environment is reversed then this both provides both a criterion for sustainable growth and a way of leveraging the land sparing needed to deliver the inter-generational improvement in natural capital which is the core objective of the 25 Year Environment Plan. Increased productively is welcomed. If however it simply results in greater resource exploitation it will be incompatible with sustainability.

The proposed review of “the scope for reforming agricultural tenancy laws” (p.25) should also consider the effect of tenancy agreements on incentives to farm sustainably, provide public goods and in particular deliver environmental improvements.

Agricultural technology and research

This section of the Consultation highlights a number of potential routes for agricultural technology and research. However insufficient connection is drawn between this and the focus on either public goods generally or environmental improvement in particular. There is an opportunity for a seamless connection between these issues which appears to be missed here.

Labour: a skilled workforce

Again connectivity between this and earlier sections would be welcomed. The statistics that “In 2013, only 18% of farm managers in England had full agricultural training, with 61% having only practical experience.” (p.29; citing Defra, Farm Business Survey 2011-12, and Farm Structure Survey 2013) are concerning. To what extent are farm managers trained and experienced in the relationship between

agricultural land use and the natural environment? If farmers and land managers are not trained in this issue then this is likely to prove a limit on the effectiveness of schemes designed to encourage the production of agricultural public goods. It is of some concern that none of the Consultation questions concern this vital relationship and hence have relatively little connection with the main thrust of the consultation and the Governments declared policy objectives. This disjoint needs to be addressed.

Implementing our new agricultural policy in England

This section (p.31) opens with a set of key statements which are worthy of quoting in full:

“We will replace the Common Agricultural Policy with a new system which pays public money for public goods.”

We warmly welcome this move. The section then continues:

“A new environmental land management system will be the cornerstone of our agricultural and land management policy. We will support farmers and land managers to deliver substantial environmental improvements, securing public and business benefits from the farmed environment.”

Again we strongly welcome this move which is, in my opinion, massively overdue. The CAP has overseen a degradation in the UK natural environment which has not even been compensated for by strong growth in the real income of most farmers and has produced appalling value for money for the tax payer. It is perfectly feasible to jointly deliver the goals of an improvement in the natural environment, in public benefits, in taxpayer value for money and indeed in the real incomes of the majority of farmers (and in particular those who have fared worst under the CAP).

“Other public goods we could support include animal welfare, promoting agricultural productivity, public access, and supporting rural and upland resilience.”

Again this statement is to be welcomed but the pursuance of these objectives should not be at the cost of the former environmental improvements. While these objectives could be allowed to conflict with each other, co-delivery of these goals is perfectly feasible. So, objectives to both improve the natural environment and increase productivity can be entirely compatible. Indeed increasing productivity is likely to be a vital requirement for enhancing the sustainability of land use. Making more from less resource input and reducing the pollution associated with some forms of agriculture while raising output is perfectly feasible and has been achieved in many locations over recent years. While we might expect the majority of public funding to be for the direct support of public good provision, investment in advances in productivity which also reduce pollution is entirely justified.

“A strong baseline will maintain and enhance important environmental, animal and plant health and animal welfare standards, backed by an integrated inspection and enforcement regime.”

Again this is welcomed. The maintenance and enhancement of standard will remain a vital element of environmental protection.

The final statement on p.31 is that:

“Farmers will have access to the tools they need to manage income volatility but must take responsibility to invest for the lean years as other sectors have done.”

This suggests that the Government sees this risk as mainly falling upon the agricultural sector (see also the Government's subsequent recommendation that farmers invest in crop insurance; p.52). Here we refer back to the earlier suggestion of an income safety net. This could reduce the impacts of volatility which are higher in agriculture than in most industries and could substantially enhance farming support for the shift towards the production of environmental public goods if the two were tied together. Moves toward a positive partnership approach towards the production of public goods are highly conducive to the restoration of natural capital.

5. Public money for public goods

Environmental enhancement and protection

There is considerable overlap between the Defra list of environmental public goods from farming and that identified in the overview to this response. Differences include some issues which might provide a useful focus for extension to the Defra consultation.

Defra Consultation list of environmental public goods from farming	List of environmental public goods from farming used in this response
<ul style="list-style-type: none"> • Improved soil health • Improved water quality • Better air quality • Increased biodiversity • Climate change mitigation • Enhanced beauty, heritage and engagement with the natural environment 	<ul style="list-style-type: none"> • Improved soil health • Water quality improvement • Water quantity regulation • Flood risk reduction • Air quality improvements • Reduction and storage of greenhouse gases • Provision of habitat for wildlife • Conservation and enhancement of biodiversity • The provision of greenspace and amenity views • Recreational access • Improvements to physical and mental health • Production of alternative outputs such as timber which yield environmental co-benefits • Potentially: compensation for environmental damages elsewhere in the economy

The consultation paper also identifies the following benefits:

Better animal and plant health and animal welfare

Here three areas are highlighted:

- i. *World-class animal welfare.*
- ii. *High animal health standards.* Here the acknowledgement of links back to impact on public health, such as the over-use of veterinary medicines leading to the development of antimicrobial resistance (AMR), are particularly welcome.

iii. Protection of crops, tree, plant and bee health. Again this is welcome given threats to natural capital.

Improved productivity and competitiveness

As noted above, provided that food productivity increases as delivered in ways which enhance the natural environmental, then this is welcomed.

Preserving rural resilience and traditional farming and landscapes in the uplands

Again this can be delivered in ways which either enhance or degrade the natural environment. Provided that the former path is taken then this is welcomed.

The Consultation questions relating to this section raise some concerns. The first question is phrased as follows:

“Which of the environmental outcomes listed below do you consider to be the most important public goods that government should support? Please rank your top three options by order of importance:

- a) Improved soil health
- b) Improved water quality
- c) Better air quality
- d) Increased biodiversity
- e) Climate change mitigation
- f) Enhanced beauty, heritage and engagement with the natural environment” (p.35)

We question the reliability, objectivity and subsequent interpretation of responses to such questions. It seems very likely that these responses will simply reflect the private concerns of the respondents rather than any objective assessment of public benefits. Indeed we would be very concerned if these were used as the basis of allocating public spending. Reassurance from Defra regarding the intended use of responses received to this question would be appreciated.

Subsequent questions are as follows:

“Of the other options listed below, which do you consider to be the most important public goods that government should support? Please rank your top three options by order of importance:

- a) World-class animal welfare
- b) High animal health standards
- c) Protection of crops, tree, plant and bee health
- d) Improved productivity and competitiveness
- e) Preserving rural resilience and traditional farming and landscapes in the uplands
- f) Public access to the countryside

Are there any other public goods which you think the government should support?” (p.35)

Again, we would strongly question the objectiveness of responses to such questions and request assurance from Defra regarding the intended use of these responses. They should not be used to allocate public funding.

6. Enhancing our environment

The statement that “We will also make sure that no one in an existing scheme is unfairly disadvantaged when we make the transition to new arrangements.” (p.36) appears to be extremely broad. Presumably this does not apply to recipients of CAP funds as this would stultify any change.

Our key outcomes

The statement “The principal public good we want to support in future is environmental protection and enhancement.” (p.36) appears to guarantee that this is where the majority of funding will be targeted. A clear statement to this effect would be strongly welcomed.

The statement continues:

“A new environmental land management system, underpinned by natural capital principles, would contribute to delivering against many of the key outcomes set out in the 25 Year Environment Plan and the Clean Growth Strategy. These include clean air; clean and plentiful water; thriving plants and wildlife; reduced risk of harm from environmental hazards such as flooding and drought; using resources from nature more sustainably and efficiently; enhanced beauty, heritage and engagement for the natural environment and mitigating and adapting to climate change.”(p.36).

This approach and the outcomes it seeks to deliver is warmly welcomed although a clear enunciation of what is meant by natural capital principles would be helpful (a rather sketchy overview, and regrettably in a slightly different context, is provided by Bateman and Wheeler, 2018). Investing in better natural capital decision support methods and tools will be a vital element of achieving these goals. In particular to the ability to bring natural and physical science, environmental economics and social science within a natural capital framework will help decision makers prioritise investments, make the most of available resources and examine the case for enhancing those resources.

The role of woodlands within this strategy is also welcomed. Woodlands provide a variety of public good benefits which goes well beyond that afforded by many other land uses (NCC, 2015; Bateman et al. 2003) yielding a plethora of social values (Snowdon et al., 2017).

The Consultation paper proposes “a new environmental land management system that could involve some or all of the following.

- i. New Environmental Land Management schemes.....
- ii. Funding for collaborative projects.....
- iii. Capital grants.....
- iv. A ‘user friendly’ design.....
- v. Innovative mechanisms.....” (p.37)

The Consultation paper does not go into detail, which is reasonable given the focus of this exercise, but does mean that it is difficult to provide detailed comments. Nevertheless, the willingness to embrace new approaches is welcomed as are the illustrative case studies provided.

The Consultation questions asked respondents to select which of a number of environmental improvement outcomes would be best achieved by incentivising action across a number of farms or other land parcels (p.42). The listed outcomes are as follows:

- a) Recreation
- b) Water quality
- c) Flood mitigation

- d) Habitat restoration
- e) Species recovery
- f) Soil quality
- g) Cultural heritage
- h) Carbon sequestration and greenhouse gas reduction
- i) Air quality
- j) Woodlands and forestry
- k) Other (please specify)

There is some concern here that such a ranking exercise runs contrary to two of the key principles of a natural capital approach that:

- (a) There is no simple, universal ranking of outcomes. For example, the public benefits generated by providing land for recreation might be huge if positioned near to an area of urban deprivation, but might be insignificant in some remote location. With the exception of carbon sequestration, location matters for every single one of the benefits listed above. Changing location can alter the value of an investment of public funds from negative to massively positive. Defra have to move to a system of targeting public spending to the places where its value will be highest. Failing to do so will result in much poorer taxpayer value for money.
- (b) The public goods listed above are not mutually exclusive; the production of one very often results in the co-production of others. So changing an area so that it produces high quality water will often result in that area also being good for wildlife habitat, enhancing soil health, storing carbon, etc. Some land uses such as woodland are particularly good for producing multiple benefits at once. Failure to incorporate the multiple benefits of certain land uses will again mean that public money is not targeted towards the most valuable uses.

Defra have to invest in decision support systems which incorporate these issues. Failure to do so is a failure to deliver good value for money to the taxpayer.

Notice that the need to target public money to those public investments which are most beneficial means that not all areas will receive the same amount of money. This is exactly the case at the moment except that current funding fails to deliver high public benefits. Nevertheless Defra should consider how this might affect farms who cannot deliver high public benefits. The introduction of an income safety net, as suggested above, would address this problem and should allay farmers' fears regarding the move towards focussing public money on the provision of public goods.

A further consultation question asks:

"What role should outcome based payments have in a new environmental land management system?" (p.42)

Clearly a move towards paying for outcomes rather than paying for actions is, in principle, desirable and something that should be a long term objective that Government, farmers and environmental experts work together to achieve. However, the practical challenges of such a system need to be recognised. For example, a farmer who prepares land as a wildlife habitat runs a financial risk if payment is completely contingent upon whether some species of wildlife interest occupies that land. Any viable scheme is likely to require a sharing of risk as without this farmers are likely to shy away from engaging in output-only payment schemes.

7. Fulfilling our responsibility to animals

The emphasis upon prevention of animal and plant disease, as well as its linkage to public health (such as antibiotic overuse and AMR; see above) is welcomed.

8. Supporting rural communities and remote farming

Upland and remote locations include many environmentally important areas and hence the NCC welcomes the emphasis accorded here. The exemplar provided by the Dartmoor Farming Futures (DFF) project is particularly welcome. This superb initiative brings together government, community, business and NGO interests (including Dartmoor National Park Authority, the Duchy of Cornwall and Dartmoor Commoners Council, with support from Natural England, RSPB and South West Water) to determine objectives but then empowers local farmers and landowners to efficiently deliver those goals. Investments in providing an environmental land management system which helps targeting the best locations for such action and recognises the multiple benefits which environmental improvements can deliver would significantly enhance these initiatives. Several of the above actors (including Dartmoor and Exmoor National Park Authorities, Natural England, RSPB and South West Water) are engaging with the NERC SWEEP initiative (<https://sweep.ac.uk/>) to co-develop and apply such an environmental land management system to address these issues and enhance the public benefits delivered by public money.

Certain of the Consultation questions appear at odds with a document that states its focus as “the future for food, farming and the environment in a Green Brexit”. One questions asks:

There are a number of challenges facing rural communities and businesses. Please rank your top three options by order of importance:

- a) Broadband coverage
- b) Mobile phone coverage
- c) Access to finance
- d) Affordable housing
- e) Availability of suitable business accommodation
- f) Access to skilled labour
- g) Transport connectivity
- h) Other, please specify

A concern here is whether this might result in a refocussing of agricultural subsidies away from land use and the natural environment and towards rural business. While the latter may well deserve public support, our prior work (see “How much should be spent? The appropriate level of public subsidy for farming” in the Overview to this review), as well as the Government’s own assessments, suggests that investing in environmental public benefits from farmland can provide excellent value for money for the taxpayer

9. Changing regulatory culture

The NCC generally welcomes the suggestions made here. An explicit recognition of the need to target spending to areas which will yield the highest public benefits, to recognise the multiple benefits of certain environmental investments (rather than just the immediate focus of a scheme) and the need for decision support tools to help with this would all have been helpful. Similarly acknowledgement of the advantages of trialling new approaches to incentives, such as reverse auction Payments for Ecosystem Services schemes would have been welcomed.

10. Risk management and resilience

This section appears to be relatively poorly integrated with that of the majority of the document. At present public subsidies account for half of farm income, yet the assertion that “The best way of improving resilience in the farming sector is to support increases in farm productivity.” (p.52) seems to stand at odds with the reality of subsidies given earlier statements that “The principal public good we want to support in future is environmental protection and enhancement.” (p.36).

If subsidy levels are, as stated, to remain the same then for many farmers financial resilience might be better served by investing in the provision of public goods (for which a resilient level of public funding would presumably be forthcoming) than in improvements in productivity, especially given uncertainties in future agricultural prices against which higher output is only a partial bulwark. This would only not be the case if the level of subsidy was going to be cut or allocated elsewhere. Given the high benefit to cost ratio of investments in land-based environmental public goods, the Government could allay fears over volatility and resilience by clarifying the long term future for public goods subsidies. Given the time horizon of the 25 Year Environment Plan then this would seem an appropriate period over which to plan for environmental public good provision.

Elsewhere in this section, the proposal to assist the sector with data for risk assessments is welcomed.

11. Protecting crop, tree, plant and bee health

Proposals to improve the protection of crop, tree, plant and bee health are welcomed by the NCC.

12. Ensuring fairness in the supply chain

These proposals lie outside the remit of the NCC

The framework for our new agricultural policy

13. Devolution: maintaining cohesion and flexibility

Generally these proposals lie outside the remit of the NCC except where they impinge upon the natural environment. One clear area of importance is with regard to the need to work towards a coherent strategy towards nature conservation and in particular the protection of wild species. Here collaboration across the four nations of the UK is of great importance and cross-border agencies such as the Joint Nature Conservation Committee (JNCC) can play a vital role in enhancing and delivering this coherence.

14. International trade

The net impact of future Government policy upon farmers will depend not only upon agricultural subsidies but also upon the terms of trade which UK farmers face. Talking to farmers shows that their attitudes towards subsidies are highly dependent upon this context. Indeed support for the Government’s proposals for future subsidies will depend greatly upon the terms of trades within which farmers will operate.

15. Legislation: the Agriculture Bill

The need for an Agriculture Bill is acknowledged and the NCC strongly advocates that the objective set out elsewhere in this Consultation that “The principal public good we want to support in future is environmental protection and enhancement.” (p.36) should be the focus of the Bill. Given the clarity

of that objective, it is perhaps surprising to see the caveated nature of some of the statements in this section, such as (emphasis added):

- "the Agriculture Bill could provide legislative powers, including: ...
to create new schemes for one or more of the following purposes:
- promoting and increasing agricultural productivity and resilience
 - preserving, protecting and enhancing the environment
 - providing support to rural communities
 - animal and plant health and animal welfare
 - public access

Given that the Consultation states that environmental protection and enhancement is the principal public good the Government wishes to support in future it seems surprising to see it relegated to second place in the list above. It would be reassuring to ensure that there will be coherence between the objectives of the present consultation (which the NCC broadly warmly welcomes) and the subsequent Agriculture Bill.

References:

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