High Weald AONB Unit Commissioned Report

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Restocking the Weald:

Feasibility study and Proposal for Implementation

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December 2014

The High Weald: an outstanding medieval landscape

Our Research Programme

Futhering understanding of one of England's finest landscapes

The High Weald Area of Outstanding Natural Beauty is **one of the best surviving medieval landscapes in northern Europe**. The management objectives for the AONB are based on an understanding of the fundamental and defining character of the area – that is, the components of natural beauty that have made the High Weald recognisably distinct for at least the last 700 years and will continue to define it in the future.

- **Geology, landform, water systems and climate:** deeply incised, ridged and faulted landform of clays and sandstone. The ridges tend east-west, and from them spring numerous gill streams that form the headwaters of rivers. Wide river valleys dominate the eastern part of the AONB. The landform and water systems are subject to, and influence, a local variant of the British sub-oceanic climate.

- **Settlement:** dispersed historic settlements of farmsteads and hamlets, and late medieval villages founded on trade and non-agricultural rural industries.

- **Routeways:** ancient routeways (now roads, tracks and paths) in the form of ridge-top roads and a dense system of radiating droveways. These routeways are often narrow, deeply sunken, and edged with trees, hedges, wildflower-rich verges and boundary banks.

- **Woodland:** a great extent of ancient woods, gills, and shaws in small holdings, the value of which is inextricably linked to long-term management.

- **Field and heath:** small, irregularly shaped and productive fields often bounded by – and forming a mosaic with – hedgerows and small woodlands. These field systems are typically used for livestock grazing, small holdings, and mixed farming, within which can be found distinctive zones of heaths and inned river valleys.

The High Weald Partnership's specialist team, the AONB Unit, works to develop our understanding of these key components – their history, development, distribution, special qualities, deterioration, damage and loss – by undertaking their own research, or by commissioning independent reports. This enables us to develop an evidence base for the AONB Management Plan and other AONB policy and guidance.

Our research also informs how the High Weald landscape can contribute to society – in terms of food, energy, water provision, flood protection, recreation, biodiversity and fisheries – without damaging its natural beauty.

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Acknowledgments

The study team would like to express our gratitude to the following:

- High Weald AONB Unit: Jason Lavender, Sally Marsh and Matt Pitts
- Leo Hickish
- Funders: East Sussex and Kent County Councils
- Funders in-kind: Batcheller Monkhouse and High Weald AONB partnership
- All interviewees in the Weald, as well as David Fursdon, Jeremy Moody, Justin Mundy, David Edwards, Matthew Balfour, David Godfrey and James Seymour
- Participants at the July 2014 stakeholder workshop

Executive Summary

The natural beauty of the High Weald landscape is underpinned by the livestock economy. The decline in livestock numbers and associated agricultural investment in the Weald is therefore a serious concern. A 2012 study for the High Weald AONB made a number of recommendations to address the drivers of destocking and reverse the trend, and at the same time create opportunities for entrepreneurial new entrants to gain a foothold in farming without owning land. This report assesses the feasibility of those recommendations and proposes an implementation plan, built around a 30-month pilot hosted by the AONB Unit.

- **To reverse the decline in livestock**, the report confirms that there are opportunities for a concerted programme to aggregate land for livestock managed by skilled entrants under longer term tenure arrangements that supports investment in the long term productivity and sustainability of the agricultural resource.
- The report estimates that it would be possible to **increase stocking by around 45%** -- which would take livestock numbers back to 2000 levels -- and still have the pasture stocked sustainably. That would mean over 143,000 extra ewes or over 16,000 suckler cows, and an opportunity for **100-130 next generation farmers** in the Weald, plus jobs in associated industries.
- Destocking and disinvestment in the productivity of Wealden pastures have their roots in **economics** – the difficulties to turn a sufficient profit from livestock on relatively small Wealden farms; and changes to **farm policy** that allows inactive farmers to receive subsidies. There is an unwillingness to cede management control of that land to tenants, because landowners – whether farmers or non-farmers – fear losing eligibility for farm payments and tax benefits. But the economics of non-active farming are changing as the real value of farm payments decline, as environmental payments become more targeted, and as inspection regimes get stricter.
- What is uneconomic for individual farm holdings can be turned to a modest profit for young entrepreneurial farmers with little land of their own who can **aggregate unused and underused pasture**. The study has developed a number of **success factors** for such a **restocking initiative**, based on research and interviews:
    1. A focus on **entrepreneurs**, as land users
    2. A focus on **non-farmers**, as landowners
    3. **Capital growth** as the primary landowner incentive
    4. Avoiding **enterprise traps**
    5. **Aggregation** of pasture across different holdings
    6. Longer term **land tenure**
    7. A programme of **skills** and **mentoring**
    8. Access to **infrastructure** grants
- Successful implementation requires institutional support and alignment. For feasibility we emphasise the need to work with **existing institutions** including the High Weald AONB (as platform for implementation), rural agents, FE colleges and local authorities.
- The cost of a 30-month pilot, to get around 45 new entrepreneurs established, is estimated at around £400,000 per annum, with less than 10% of that accounted by coordination costs. Once the concept is proven, the approach can be mainstreamed with a lower cost structure per entrepreneur, and be rolled out across the Weald and transferred to other regions. The Weald can thus be laboratory for reviving livestock agriculture and creating jobs that do not rely on ownership of land.

Rationale

The landscape of the High Weald – "one of the best surviving medieval landscapes in Northern Europe" -- is underpinned by the **livestock economy**. If that economic underpinning is lost, sustaining the landscape is much more difficult, more piecemeal and more expensive than when those public goods are supplied as co-products of a viable agricultural sector.

Producing red meat from forage on low grade soils can be a highly sustainable form of agriculture. It does not compete for arable land. These farming systems require lower nutrient inputs, and have a good record of water and soil conservation. There is much scope to strike a balance between biodiversity and production, with grazing as a tool for habitat management and enhancement. Pastures can store carbon (for climate change mitigation) and water (for flood management). Furthermore, the Weald is close to markets, and large numbers of consumers. Lastly, there is growing evidence that grass-fed meat is a healthier product.

The decline in livestock numbers and associated agricultural investment in the Weald is therefore a serious concern. The loss of farm infrastructure (fences, yards, further education institutions) and market infrastructure (live markets) can reach a tipping point that prevents restocking to levels necessary to maintain the landscape and sustain rural employment.

A study in 2012 for the High Weald AONB (*Restocking the Weald: Securing the future of livestock farming in the High Weald's working landscape*) highlighted the risk to that economic viability, in terms of a quite rapid decline of livestock numbers since 2000. The study made a number of recommendations to address the drivers of destocking and reverse the trend, and at the same time create **opportunities for new entrants** to gain a foothold in farming without owning land. In 2013 the High Weald AONB Unit with support from the Kent and East Sussex County Councils commissioned this study to assess the feasibility of those recommendations and look in more detail at what sort of scheme could underpin it. The study was developed in partnership with the industry, especially rural agents and livestock farming. It is based on interviews, especially with landowners and entrepreneurial start-up farmers, and supplemented with economic modelling. The draft findings were tested at a stakeholder meeting in July 2014.

Implementation

The proposal is for a 30-month pilot that can, with proof of concept, be rolled out across the Weald and be transferred to other regions. The Weald can be laboratory for reviving livestock agriculture as a means of conserving valued landscapes. The pilot can demonstrate that there is space for creating jobs that do not rely on ownership of farmland but on sustainable use of the natural resource. A successful pilot would be replicable in other areas where livestock production is economically marginal but important to sustaining employment and a working landscape.

Extent of destocking

The High Weald has seen a marked reduction in livestock. Between 2000 and 2010 Defra data record a drop in both beef and sheep numbers within the AONB of 32% and 24% respectively.

We estimate that from current livestock density in the AONB of around 0.84 Livestock Units (LU) per ha, it would be possible to **increase stocking by around 45%** -- which would take numbers back to 2000 levels -- and still have the grassland stocked on at extensive basis at around 1.2LU/ha. When also factoring in unregistered grassland, that would mean 21,474 additional LUs within the AONB, equivalent to 143,160 ewes or 16,105 suckler cows. Our enterprise modelling shows that building a flock of 1000 – 1500 can generate a wage of around £25,000. By restocking, it follows that there is space for **100-130 next generation sheep farmers** in the High Weald, plus more jobs in the associated industries of fencing, vet & med, abattoirs, markets etc.

For detailed analysis see **Annex 1**.

Drivers

The transition to lower stocking densities has been a response by landowners to policy and market signals, which have locked a large area of farmland in the hands of inactive farmers and non-farming landowners. There are disincentives to cede management control of underused land to entrepreneurial farmers and allow others to utilise it at a financially sustainable rate. For **farmers**, the policy shift to income support has tilted decision making to destocking, considering the marginal farm-level profitability of Wealden farms and the unfavourable subsidy regime (the High Weald, while having many characteristics of an upland Least Favoured Area, is not classed as such). Of particular relevance to the Weald, there are also drivers acting on **non-farming owners of farmland**, in particular the realities and misconceptions of the capital taxation regime. They are also deterred by the high cost of bringing land back into production, especially replacing fences.

When land is let, it is often on annual or informal agreements with no security of tenure for the land user. This short-termism is as damaging to the landscape as destocking. There are few incentives for land users to invest in infrastructure (fencing, water, yards..), productivity (liming, reseeding..) or conservation. There is no chance to get the intensity of management that is required for more intensive production, such as paddocks and rotational grazing.

The outcome is resource underutilisation on a large scale, and a threat to the fundamental underpinnings of the livestock economy and by extension the Wealden landscape. When all the policy thrust in the UK is for ‘sustainable intensification’, what is underway in the Weald is unsustainable de-intensification.

For detailed analysis see **Annex 2**.

Openings

There are however new policy and market signals that can open the opportunity for new conversations with landowners around **alternative options**, that could include longer term tenancies with young entrepreneurs. These signals include reductions in the value of farm and environmental payments that currently distort land rental values. These reductions will reduce the artificial floor on rental value, and threats to eligibility for farm payments and tax relief.

- **Threats to eligibility for farm payments and tax benefits**. The level of farming activity required in order for claimants to be eligible for CAP payments is a live issue at a European level, to reduce the flow of subsidy to those who manage and farm the land in name only – so-called ‘slipper farmers’. DEFRA have announced an “active farmer test”, though it’s now clear that this will not be an issue for the majority of land owners.

However the Rural Payments Agency has become increasingly forensic in their examination of farms and is continuing to challenge land ownership and control at inspection, as well as compliance with the rules such as cross compliance and stewardship. This is especially where there is Dual Use, ie where a landowner claims agri-environment subsidies, and the tenant claims the Single Payment Scheme SPS[1]. England is the only country in the EU that permits two businesses to claim under different schemes on the same parcel of land. Threats to eligibility for tax relief are more critical; HMRC has in successive cases scrutinised the extent to which a tax relief claimant can demonstrate active "husbandry" of farmland. For detailed analysis see **Annex 3**.

- **Declining value of single farm payment** in real terms. The 2015 CAP reforms in 2015 England will transfer 12% from income support (Pillar 1) to rural development (Pillar 2). This threatens to make England less competitive than other member states with less incentive to produce. There will also be a convergence of Severely Disadvantaged Area (SDA) and non-SDA payments with the 2015 payment rate expected to around £200/ha in England. This rebalancing of payment rates is seen as eroding the financial value of SPS in non-SDA areas like the Weald.
- The **end of stewardship income** for many Wealden farmers. From 2015 Environmental Stewardship will be replaced by a New Environmental Land Management Scheme to be called Countryside Stewardship. Under this new approach it is predicted that scheme coverage is likely to fall from over 70% to 35-40%, and the new scheme will be inaccessible to many landowners.
- **Declining market prices**. Both sheep and cattle market prices have seen marked declines in 2014.

While the policy and legislative framework in particular in terms of agricultural policy and taxation present barriers, and some opportunities, for the utilisation of land, the **expectation of the landowner** is a significant factor. This is both in relation to how they perceive the barriers described above and the weighting they attribute to them and their appreciation of the non-market aspects of landowning. In response to our interviews several non-farming incomers to the Weald were found to value the quiet enjoyment of their land above any particular income aspiration. While they may wish that the land is cash neutral they can grasp that capital expenditure on land that has consistently been an appreciating asset is a good long term investment. This group of landowners can offer a good opportunity for entrepreneurial farmers to aggregate more land.

Opportunities for entrepreneurs

What is uneconomic for individual farm holdings – which are relatively small – can be turned to a modest profit for young entrepreneurial farmers with little land of their own (we use the shorthand 'entrepreneur' in this report) who can aggregate un- and underused pasture. Existing farmers and itinerant graziers are already doing so but through short-term or informal agreements between grazier and landowner. These entrepreneurs are remote from policy and institutions of agricultural and rural development. To reverse the decline in the pasture resource and infrastructure, to secure sustainable livelihoods and to build a reputation for quality, there are opportunities for a **concerted programme to aggregate land for livestock managed by skilled entrants under longer term tenure arrangements**. We conclude that, with some coordination and institutional support, it is possible to **put restocking of livestock and sustainable employment for young**

[1] From 2015 the Basic Payment Scheme BPS

entrepreneurs onto a much more secure footing that supports **investment into the long term productivity and sustainability** of the agricultural resource.

Elements of restocking

The study has developed a number of **success factors** for a restocking initiative, based on research and interviews for this feasibility study.

1	**A focus on entrepreneurs, as land users**	• We recommend a focus on entrepreneurs with little or no farmland of their own to gain improved and more durable access to underused pasture, at least for the first years. This model of farming avoids the problem of high value of farmland in the Weald relative to its productive potential, which otherwise presents a huge barrier to start-ups. We also acknowledge that there is an important group of existing farmers who seek to expand their operations over rented land in order to achieve economic viability; these farmers encounter the same reluctance and/or short-termism by landowners.
2	**A focus on non-farmers, as landowners**	• We recommend a primary (but not exclusive) focus on pasture owned by non-farmers. Non-farmers may have fewer institutional obstacles to relinquish control of land than farmers. Bringing this land into such a programme requires a different engagement strategy, because non-farmers will often have different aspirations for the land (including environmental objectives), look to different sources of information and advice, and respond to different incentives than farmers.
3	**Capital growth as primary landowner incentive**	• The vast majority of advice to landowners focuses on income return, but especially non-farmers may be motivated more by capital growth, and also look to grazier tenants as providers of services, including land management, environmental quality and amenity, security (someone keeping an eye on the property), and extended access to agricultural property relief (APR). Creating livelihood opportunities for young entrepreneurs may also resonate strongly with some of this group.
4	**Avoiding enterprise traps**	• Feasibility is about securing viable livelihoods, and avoiding 'enterprise traps' that tie up time and capital without yielding a reliable return on labour. • We have modelled a number of enterprises, including a 'progression' scenario whereby a young farmer might over seven years aggregate land and animals to generate an annual wage of around £25,000 from 1125 ewes (see **Annex 4**). • The big challenge of livestock production is finance and cash flow, and an entrepreneur needs access to considerable cash reserves or line of credit to maintain the liquidity of the enterprise as it grows. Without farmland as collateral or a reliable secondary income, banks have little or no interest to lend against expected income on the basis of such a business plan, even with a 5-year tenancy in place.The enterprise is best run alongside another more stable source of income to secure credit and manage cash flow. • We also recommend that the focus is on selection of quality stock, for the mainstream rather than niche markets.
5	**Aggregation of pasture**	• Aggregation of land across different holdings gives an entrepreneur scale and critical economic mass, and demonstrates to landowners that the venture is viable. It also spreads risk, with a capacity to survive exit of an individual landowner.

		• Aggregation improves the entrepreneur's ability to bring product to the market with some reliability of quantity and quality. • There is also, at least in theory, a benefit of attracting support for landscape-level stewardship payments as well as other funding. • Proximity of holdings is fundamental to aggregating pasture; otherwise profits will be eaten up in fuel costs. We estimate that the majority of aggregated land should be within a radius of five miles. • We stress that aggregation is not the same as matchmaking animals and pasture. There is a place for schemes that help owners of grassland acquire livestock to graze their land and let stock owners find available grazing, such as Sheepkeep.[2] But in general successful aggregation requires a longer term and less opportunistic link between land owner and land user.
6	**Longer term land tenure**	• We recommend that an enterprise is built around one or more **Farm Business Tenancy** (FBT), with a minimum 5 year tenancy. FBTs provide entrepreneurs with **security of tenure** to support investment in land quality and stewardship, and to reverse the trend towards short-termism. They are straightforward, in that the person taking risks and management decisions receives the farm payment. Alternative tenure models such as grazing licences come with many more drawbacks especially in an era of tighter oversight by farm payment and tax authorities. And farm share models, although highlighted in the Defra Future of Farming Review, come with complexity, landowner exposure to risk, farmer exposure to interference, potentially poor economic viability (because of the spilt of gross output); and the need for a high quality personal relationship. • Contrary to widely held perceptions, under an FBT the landowner will still retain important IHT benefits. And another common misconception, that FBTs require the complete relinquishment of landowner involvement, is wrong; an FBT can still be a landowner–entrepreneur partnership, and conditions for that partnership can be built into the agreement. Land agents have an important role in correcting these misconceptions. • With security of an FBT, an entrepreneur can aggregate additional pasture through grazing licences
7	**Skills and mentoring**	• A core element of our proposal is a **package of skills**, **mentoring and licenses** ('tickets') that is tailored to fill gaps in entrepreneurs' knowledge (see Annex 5) • The fine line between profit and loss in livestock agriculture means that skills in *business management and financial planning* are paramount. But we also see training in the *meat value chain and market requirements*, and *Pasture management for productivity and natural resource management* (including biodiversity) as core skills, as well as skills of working with landowners • **Mentoring** by experienced livestock farmers provides the sort of workplace-based learning that fits around itinerant lifestyles • We propose a system of accreditation for entrepreneurs who have accumulated the core training and are linked to the mentoring scheme. Accreditation can be linked to preferential access to infrastructure grants

[2] www.sheepkeep.co.uk developed by the North Wessex Downs AONB and FWAG

	• For the landowner, an entrepreneur with a proven core set of skills and links to mentors can reassure them that their land is being managed by a safe pairs of hands, and that their goals for the property (such as biodiversity or privacy) will be respected. • We have calculated that a full training package would cost in the region of £6,000 per trainee (ranging from £5,000-£7,500) excluding the cost of mentors. Few if any entrepreneurs would need the full complement of training because they will already have some of the core skills covered. Mentoring adds around an extra £1000 per trainee.
8 **Access to infrastructure grants**	• Landowners can be dissuaded by the high cost of bringing land back into production. Access through the programme to discretionary cost-share grants can be an important incentive. For landowners that can include field edge management including re-fencing, water, and refurbishment of yards and buildings. For the entrepreneurs it can mean livestock handling, linked to the training and mentoring programme.

Institutional support and coordination

Successful implementation based on the above elements requires institutional support and alignment. In this section we set out the proposed roles for each. For feasibility we emphasise the need to work with **existing institutions** including land agents, and avoid boom and bust and the use of temporary 'project' staff and offices that will not survive the end of pilot funding. However, we propose that a coordination function to demonstrate feasibility of a 'restocking' initiative at a pilot scale is essential.

High Weald AONB	**Stake**: • The integral link between profitable farming and the landscape is recognised in the AONB's 2014-2019 Plan which under sets out a management objective of securing agriculturally productive use for the fields of the High Weald: Objective FH1: To secure agriculturally productive use for the fields of the High Weald, especially for local markets, as part of sustainable land management. Indicators of success: (1) Increase in grazing animals (cattle & sheep) contributing to land management; (2) Increase in business activity and numbers of people employed in agriculture, horticulture and related businesses; (3) Capacity for land management maintained within existing farmsteads and small settlements. • We conclude that the **High Weald AONB Unit** is a highly appropriate platform for the implementation of a 'restocking' initiative, as an independent custodian for the living landscape of the Weald, the AONB represents multiple interests: landowner, land user, local and national institutions and policy. • For the AONB, support for a 'restocking' initiative would bring it into closer connection to the farming and landowning community, as partners in co-producing the Wealden landscape from a vibrant livestock sector. • Despite pressure to focus on core legislative mandate (AONB Management Plan), such initiatives could represent important future direction for landscape management organisations in a future with minimal central funding **Action:**

	• AONB takes ownership of 'Restocking' initiative hosting it and incubating its key concept of co-production for a living landscape • Galvanises stakeholder support and coordinated action. • AONB seek interest in funding circles (see below) with a well-defined bid for Restocking initiative; can be supported by seed funding eg from ESCC
Rural agents	**Stake**: • As the **main advisors to farmers and non-farmers** on land use for income, estate management, tax efficiency and farm payments, rural agents dealing with rural land and property provide a key channel for any 'restocking' initiative and have a keen understanding of landowners' needs and perspectives. • They are **central to reducing the transaction costs** associated with aggregating land and drawing up agreements across a number of properties of both farmers and non-farmer owners, and of both registered and unregistered grassland, and across different tenure arrangements (FBTs, grazing licences or free grazing) • For rural agents, a 'restocking' initiative would reach an untapped resource – especially non-farmers. They have an opportunity to offer landowners a different kind of product that sets a goal for capital growth rather than annual ROI. **Action:** With input, direction and coordination from the AONB.. • Buy-in of industry association Central Association of Agricultural Valuers (CAAV) -- Jeremy Moody as point contact, who was involved in Future of Farming Review • Coordinated messages from land agents to landowners • Development of a commercially viable product for land agents that sets a goal for **capital growth** and to offer a product to landowner clients, that can (a) improve the land to make it a higher value asset, and (b) provide livelihood opportunities in livestock agriculture for young entrepreneurs. • Preparation of Information Sheets on key issues such as tax and FBTs • Mentoring of landowners. Availability of draw-down fund for land agents to mentor and support landowners
FE colleges	**Stake**: • Plumpton and Hadlow colleges are, along with private providers such as Mid Kent Training[3], the main source of capacity building in land-based sector **Action** • Propose candidates for scheme • Collaborate in designing training a modular package
Local authorities	**Stake:** • The main site for setting strategy for rural development and job creation. • Councillors from each of the 15 local authorities in the AONB sit on the Joint Advisory Committee (JAC) **Action:** • Support livestock economy infrastructure including upgrading local abattoirs such as Tottingworth • Champion application to EAFRD of Southeast LEP
NFU, CLA	**Stake**:

[3] www.midkenttraining.co.uk

	• Main representative organisations of farmers and landowners • Looking for ways to promote succession and opportunities for tenancies and start-ups **Action:** • Sign on, encourage and recruit members and disseminate information about the project.
Natural England	**Stake**: • Act as national watchdogs over AONBs in England. Implementing agency for agri-environment schemes • Need to demonstrate implementation of landscape-level approaches to agricultural stewardship (Countryside Stewardship) • Need to demonstrate capacity to work with non-farming owners and non-landed farmers **Action**: • Advise on Countryside Stewardship; support group approach available to entrepreneurs aggregating land within a 'restocking' initiative • Signpost habitat owners to land managers • Engage with the High Weald AONB for innovations that can be applied nationally
DEFRA	**Stake**: • Main government agency for agriculture and conservation policy • **Recognise problem of exclusion of younger farmers:** Future of Farming Review[4], but with little tangible integration into real policy. And mostly aimed at succession within existing farm families. Restocking initiative offers an opportunity for real life case example / beacon project required of implementation of Future of Farming Review recommendations. Also to help rebuild the legitimacy of the CAP. • **Recognise** need to improve UK **agricultural self-sufficiency**, which has declined over recent years to 68% in indigenous foods, to the extent that it is ringing alarm bells (EFFRA Committee, 2014[5]) **Action**: • As for Natural England • Encourage LEP engagement with the sector.
Banks	**Stake:** • Banks don't like irregular cash flow. But seek to demonstrate that can successfully finance farmers with few assets, with mentoring and accreditation as part substitute for collateral. **Action:** • Bring banking sector on board where possible. Agricultural Mortgage Corporation (AMC)[6] could be interested
Local Nature and Enterprise Partnerships	**Stake:** • **Kent Nature Partnership** breaks away from the traditional approach of delivering biodiversity conservation by focusing on obtaining socio-economic benefits through conservation and good management of biodiversity. www.kentnature.org.uk • West Sussex Environment & Climate Change Board www.westsussexclimatechange.org.uk

[4] www.gov.uk/government/publications/future-of-farming-review-2013-report

[55] Self-sufficiency has declined from 78% to 60% over the last 30 years. Environment, Food and Rural Affairs Committee (2014). Food security -- Second Report. http://www.publications.parliament.uk/pa/cm201415/cmselect/cmenvfru/243/24302.htm

[6] http://www.amconline.co.uk

	Action: • Inform and help shape strategy. Joint fundraising • Champion co-production valuation of Natural Capital
LEADER rural partnerships (including Wealden and Rother WARR)	**Stake:** • Part of the Rural Development Programme for England, jointly-funded by Defra and the EU • New LEADER Local Development Strategies with nationwide budget of £138 million, from 1 Jan 2015 • LEADER is often perceived as applying only to the non-farm rural economy. But it is useful to note the opportunities to facilitate access to land for new entrants and support for primary production. Finland for example has made more of linking LEADER to supporting primary production and has included Network of Meat Production SMEs, Local Food Fairs, Modern trading practices, ICT programmes for agriculture, Training project on sheep farming amongst others. In England LEADER projects such as Yorkshire Moors Agricultural Apprenticeship Scheme, RPDE Northwest Livestock Programme, Bodmin Moor Healthy Livestock Initiative have shown the potential for the LEADER approach to support regional primary production.
Conservative Rural Affairs Group CRAG	**Stake:** • Chaired by Lord Plumb. Primed at Conservative Party conference side event on 29 Sept 2014. www.conservativeruralaffairs.org.uk
Trusts and philanthropic organisations	**Stake:** • Research, advocacy and grant making for new entrants/start-ups in farming. Including Henry Plumb Foundation, Plunkett Foundation, and the Prince's Countryside Fund.

Milestones 2015-16 (30-month pilot phase)

Proof of concept will be tested over 30 months in the High Weald AONB.

Milestone		Deadline
Milestone 1. Lead-in.	• Recruitment of part-time coordinator, AONB administration and advisory group. • Agreements on targets for years 1 and 2. • Outreach campaign via land agents, farm press, CLA and others. • Identification of potential landowners. • Identification of potential entrepreneurs. • Approval by Steering Group to recruit clusters of landowners and entrepreneurs	Month 6
Milestone 2. Recruitment and clustering	• Nomination of first cluster of potential landowners. Assessment of land resource, objectives and requirements • Nomination of first cadre of potential entrepreneurs. Assessment of objectives and requirements. Drafting of business plans and training needs. • Clustering of pasture around at least 10 entrepreneurs. Tenure agreements in place	Month 10

Milestone 4. Capacity building	• Training and mentoring curriculum and materials in place for (a) Farmer entrepreneurs; and (b) Landowners • Training of farmer mentors and landowner mentors • Access to infrastructure grants lined up where appropriate (discretionary)	Month 10-12
Milestone 5. Performance review (Year 1)	Performance review. Survey of participating entrepreneurs, landowners, advisors. **Indicators**: • Parcels and acres of additional land accessed • Metres of boundaries restored • Number of water supplies installed • Number of yards refurbished and brought back into use. • Numbers of entrepreneurs and landowners engaged in the programme • Number of new land tenure agreements • Stocking numbers • Stocking rate of "clustered" land • Hours of training and mentoring for entrepreneurs • Number of new qualifications for participants • Livestock sales (to date and planned) Adaptation of approach based on Year 1 learnings. Reporting to advisory group and sponsor organisations. Public recognition of first group of 'beacon' participating landowners who are willing to communicate their experience, host farm walks etc.	Month 18
Milestone 6. Recruitment (Year 2)	Identification of second cluster of potential landowners. As for Milestone 1 but aiming at 20 entrepreneurs	Month 19-20
Milestones 7-8 Recruitment and Clustering. Capacity building	As Milestones 3-4	Month 21-22
Milestone 9. Performance review (Year 2)	As Milestone 5 Proposal to advisory group and sponsor organisations on transition from pilot to mainstream, with revised cost model	Month 30

Costs and fundraising: 30-month pilot

A 'restocking' initiative can benefit from three types of funding: to cover (a) **coordination**, (b) **capacity building** (training and mentoring) and (c) to build a fund for cost-sharing of **infrastructure** costs, especially fencing.

The cost of a 30-month pilot, to get around 45 new entrepreneurs established is estimated at around £400,000 per annum; with less than 10% of that accounted by coordination costs. Once the concept is proven, the approach can be mainstreamed with a lower cost structure per entrepreneur.

		Lead-in and Pilot year (18 months)	Subsequent years
		10 entrepreneurs	20 entrepreneurs
1. Coordination/ facilitation	Coordinator: 2 days per week plus mileage @£250 per day	£23,000	£23,000
	Office costs/desk fee	£5,000	£5,000
	AONB management and administration	£10,000	£10,000
	Consultants and advisory group	£5,000	£5,000
	Monitoring and review	£3,000	£3,000
	Subtotal	**£46,000**	**£46,000**
2. Training and mentoring	Writing and production of Information Sheets	£15,000	£3,000
	Training of farmer mentors	£3,000	£1,000
	Up to £7500 per trainee, estimate average £5000 incl. VAT. Full cost of farmer training and mentoring covered by the scheme	£60,000	£120,000
	Mentoring including needs assessment and evaluation; £1000 per trainee (total 4 mentor days per trainee @£250/day incl VAT. Full cost covered	£15,000	£30,000
	Training of landowner mentors	£3,000	-
	Landowner mentoring (draw-down fund, 30 contacts at £250 incl. VAT)	£17,500	£17,500
	Subtotal	**£113,500**	**£171,500**
3. Infrastructure and licences cost share*	Woodland edge & boundary management, yard and building refurbishment. up to £10,000 cost share per landowner	£150,000	£300,000
	Cost share for licenses (towing, animal movement..), Stock handling systems. Up to £5000 per entrepreneur	£50,000	£100,000
	Subtotal	**£200,000**	**£400,000**
Contingency		£10,000	£10,000
Total		**£369,500**	**£627,500**

*Based on 'standard costs' (see HLS) so that entrepreneur can self-install if preferred, to agreed quality standard. 50% cost share; higher if have completed full training and mentoring

Resourcing

The following are potential sources of funding for a 'restocking' initiative.

Source	Element of Restocking	Fund priority
LEADER	6-month lead in	Implementation on 1 January, with projects in the pipeline ready to go. Emphasis on jobs and growth. Small projects up to £50k
South East LEP	Infrastructure Coordination/facilitation	SELEP has been allocated £14.4 million of European Agricultural Funds for Rural Development (EAFRD) from 2015-20. This funding is to support **jobs and growth in rural areas** and can be spent on projects that will, inter alia, **build knowledge and skills in rural areas** – this has a clear fit with this proposed 'restocking' initiative. The LEP has three key roles in this work: • Lead the development of an European Structural and Investment Funds Strategy • Consult and engage all interested parties, including rural interest • Develop a pipeline of compliant projects which deliver the strategy from late 2014 onwards Emphasis on jobs and growth. Cross-area projects are encouraged. Seed funding can help to prepare professional proposals that meet all the requirements, for example of SELEP. **ESCC**: has its own External Funding Team **KCC**: David Godfrey, Interim Director of SE-LEP
Henry Plumb Fdn	Training and mentoring	Funds young people with interests, business ideas, study plans that will lead to a career in the agricultural or food industry
Plunkett Foundation Growing Livelihoods Initiative	Business plans Clustering	New opportunities in smaller-scale food growing for those new to the sector, young people or those seeking a new direction www.plunkett.co.uk/whatwedo/growinglivelihoods.cfm
The Prince's Countryside Fund	Training and mentoring Facilitation	Grants of up to £50,000 to projects that are tackling one of five key issues: service provision in rural areas, rural enterprise, farming businesses, and training opportunities for young people and educating people about the value of the countryside. www.princescountrysidefund.org.uk
Countryside Stewardship Universal Capital Grant Scheme	Infrastructure	Likely to include hedgerow restoration; hedgerow trees; stone-wall restoration; woodland management plans. May not extend to livestock fencing.

Annexes

Annex 1. Evidence: Is de-stocking a reality in the High Weald?

The High Weald landscape retains many of its medieval features with a mosaic of small, hedged, irregular shaped fields and small but abundant woods. It is a pastoral landscape where grazing continues to play an important role in the creation and maintenance of its character. The Weald's low grade[7] clay soils and poor drainage favour grass production and livestock enterprises over tillage for arable crops, although cattle usually need to be winter housed. Despite the marginal nature of farming, the High Weald is categorised as 'lowland' and not a Least Favoured Area (LFA).[8]

1.1. Number and size of holdings

The 2010 Defra June Agricultural Survey records 1,563 farm holdings farms in the High Weald AONB; the 2000 Survey recorded 2,389 farms but included smaller farms which Defra screened out in 2010 as "non-commercial". Grazing livestock farms account for nearly half of all farms (770) in comparison to cereals (135), mixed (119) and horticulture (132). Farm size is smaller than the national average, with 36% of holdings in the 5-20 ha range, 25% between 20-50ha, 12% between 50-100ha, and only 12% greater than 100ha.

1.2. Land use

The High Weald AONB covers in total 146,170ha, with farming as a predominant land use; in the 2010 June Survey 90,504ha of the total (62%) was recorded as farmed. In the absence of more recent agricultural land use data from the Defra June Survey broken down by AONB (or indeed county) level, the 2013 Rural Payment Agency (RPA) and Rural Land Register (RLR) data sets have been interrogated. RPA/RLR data should, contingent upon the correct use of land use codes by the Single Payment Scheme claimant, reflect the actual use of registered field parcels. This can give a more accurate picture of land use in the Weald than the June Survey data which is usually based on a sample size of 20% of the agricultural holdings with a response rate of around 70%. The RPA in 2013 recorded 97,587ha (67%) of the AONB on the RLR data indicating that it is or has been part of the farmed landscape, although 13% does not have a land use recorded against it.

The 2010 June Survey records that 25% of the farmed area of the AONB was cropped or bare fallow and 51% was permanent grassland (ie more than 5 years old). The survey data reveal that for the 2007 - 2010 period, 58-59% of the AONB's recorded agricultural area was grassland (including both temporary and permanent grassland). The actual total grassland area varies and appears to have declined from 58,519 ha in 2008 to 53,206 ha 2010 but the reductions generally track a reduction in recorded farmed area. In the 2013 RLR data, 46,341ha of the AONB is recorded as grassland, either permanent or temporary (5 years old or less). This represents 47% of the registered area, a marked reduction from the fairly constant 58-59% of the returned area that is shown to be grass by the June survey data between 2007 and 2010.

[7] There is no Grade 1 land in the HW; 85% of land is Grade 3 and 4 (moderate to poor quality)
[8] A farm is classified as "lowland" if less than 50% of its total area is in EC Less Favoured Area.

So from the RLR data we see a significantly increased "farmed" area and a decreased grassland proportion. In the absence of comparative data post-2010, the 2010 June survey data is used to make the assessments of pasture utilisation. This has the advantage that a full census was undertaken in 2010 (since 1995 these have been undertaken every ten years, ie 2000 and 2010 rather than every year) rather than a sample survey.

The amount of unregistered and non-commercial grassland is much harder to report on. This study has attempted an analysis using ARCH and the 2012 Kent Habitat Survey,[9] and established that around 9% of the Kent part of the High Weald AONB is "unregistered" grassland. If this "unregistered" area is extrapolated to the whole AONB at the same ratios there would be 13,155ha of grassland in the High Weald AONB that is not recorded by Defra or the RPA in either the June surveys or under the Single Payment Scheme, thus indicating that it is not "commercially" farmed. If added to the 53,205ha of grassland recorded on the 2010 June census there is a total of 66,360ha of grassland in the High Weald AONB.

1.3. Number of livestock

The 2013 report "Restocking the Weald" reported from the 2010 Defra June survey a decline in both beef and sheep within the AONB, with numbers declining since 2000 by 32 and 24 % respectively (Table 1.1). This data has not yet been updated beyond 2010, though the national picture shows a shrinking cattle herd (although slight growth in 12/13) and since 2007 a growing sheep flock, reflected in recovery of sheep meat production (Tables 1.2 and 1.3).

Table 1.1 Total numbers of cattle and sheep in the High Weald AONB, 2000-2010
Source: DEFRA June Surveys[10]

	2000	2001	2002	2003	2004	2005	2006	2007	2009	2010	Change 2000-2010 (%)
Total cattle	45,885	45,057	39,239	37,887	38,984	36,914	35,943	34,608	35,002	34,836	-24.10
Total sheep	252,011	240,896	221,227	223,040	219,027	209,039	222,387	203,312	186,201	172,472	-31.60

Table 1.2 Total cattle and calves in England
Source: Cattle Tracing Scheme. Units: Thousand head at 1 December. Updated on 06/03/2014.

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
5,878	5,739	5,646	5,526	5,426	5,465	5,434	5,275	5,308	5,323

Table 1.3 Total sheep and lamb in England
Source: Sheep & Goat Inventory, Defra. Units: Thousand head at 1 December. Updated on 06/03/2014.

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
-	-	9,715	9,690	9,969	9,944	9,892	10,242	10,777	10,944

1.4. Stocking density

In order to consider the utilisation of grassland in the Weald it should be recognised that it is grazing pressure (expressed as Livestock Units per Hectare; LU/ha) from cattle and sheep that

[9] Assessing Regional Habitat Change www.archnature.eu
[10] Data for 2008 removed as spurious

is the relevant indicator. Since pigs, poultry and indeed horses are frequently housed their impact on the total grassland resource of the High Weald could be misleading.

The livestock categories recorded on 2010 were converted to LU using the ratios in Table 1.4, giving a stocking density ~0.84 LU per ha for cattle and sheep in the High Weald AONB. If one includes the 13,155 ha of unregistered grassland, the stocking rate for the AONB falls to 0.67LU/ha.

Table 1.4. Conversion of stock numbers to Livestock Stocking Units (LSU)
Source: EBLEX

Cattle				Pigs		Sheep		
Female 2+ yrs dairy with offspring	Female 2+ yrs beef with offspring	Calves <1yr	Other cattle	Breeding pigs	Other pigs	Breeding ewes	Lambs under 1yr	Other sheep
1 LSU	1 LSU	0.6 LSU	0.7 LSU	0.5 LSU	0.3 LSU	0.12 LSU	0.08 LSU	0.15 LSU

Poultry		Other Livestock	
Total Fowls	Other Poultry	Goats	Horses
0.014 LSU	0.03 LSU	0.1 LSU	1 LSU

Converting recorded livestock categories to LU across the AONBs makes it possible to compare relative stocking densities. Of the 37 AONBs (including the defunct East Hampshire, Sussex Downs and South Hampshire Coast) the grassland of the High Weald is ranked 8th lowest stocked landscape both when only cattle and sheep livestock units are taken into account and also when all species recorded by the June survey are taken into account (Table 1.5).[11]

Table 1.5. Livestock stocking densities in the AONBs of England

AONB ID	AONB NAME	LU/HA Cattle and Sheep only	LU/HA Cattle, Sheep, Pigs, Poultry, Goats & Horses	% of LU from Horses
17	ISLES OF SCILLY	0.067	0.067	
4	CHICHESTER HARBOUR	0.223	0.323	30.9
9	DEDHAM VALE	0.543	0.666	7.4
23	NORFOLK COAST	0.641	1.928	1.0
34	SURREY HILLS	0.679	0.993	10.8
25	NORTH PENNINES	0.680	0.716	0.8
33	SUFFOLK COAST AND HEATHS	0.721	3.077	1.4
14	HIGH WEALD	0.839	1.036	6.4
5	CHILTERNS	0.865	1.492	8.6
3	CANNOCK CHASE	0.868	1.160	23.3

[11] The table does highlight some anomalies in other areas where there are a high proportion of pig production (e.g. Suffolk Coasts and Heath) or poultry production (e.g. Wye Valley).

7	COTSWOLDS	0.958	1.213	5.5
16	ISLE OF WIGHT	0.962	1.110	2.8
27	NORTH WESSEX DOWNS	0.974	1.555	6.8
18	KENT DOWNS	0.981	1.222	6.5
19	LINCOLNSHIRE WOLDS	1.039	1.927	2.2
13	FOREST OF BOWLAND	1.121	1.213	0.7
22	NIDDERDALE	1.202	1.287	1.3
20	MALVERN HILLS	1.240	1.379	4.8
26	NORTHUMBERLAND COAST	1.267	1.276	0.7
1	ARNSIDE AND SILVERDALE	1.292	1.323	2.4
8	CRANBOURNE CHASE AND WEST WILTSHIRE DOWNS	1.309	1.964	2.3
21	MENDIP HILLS	1.311	1.429	2.0
10	DORSET	1.312	1.627	1.8
37	WYE VALLEY	1.341	4.653	1.3
28	QUANTOCK HILLS	1.445	1.506	3.5
6	CORNWALL	1.490	1.542	2.0
29	SHROPSHIRE HILLS	1.504	1.809	1.1
11	EAST DEVON	1.545	1.774	2.7
31	SOUTH DEVON	1.554	1.716	1. 5
36	TAMAR VALLEY	1.569	1.751	2. 3
15	HOWARDIAN HILLS	1.580	5.387	1. 1
30	SOLWAY COAST	1.689	1.716	0. 4
2	BLACKDOWN HILLS	1.778	2.484	1. 1
24	NORTH DEVON	1.782	1.875	1. 4

1.5. Capacity for restocking

Having quantified the resource in terms of potential area and its current stocking rate, the next task is to estimate the capacity of this resource to carry more livestock.

The organisation for English beef and sheep EBLEX defines a high stocking rate as one between 2-2.5 LU/ha and a low stocking rate as 1-1.5 LU/ha. From the current situation of registered farmed grassland in the High Weald AONB being stocked at around 0.84 LU/ha (and all grassland being stocked at 0.67 LU/ha) it would be possible to increase livestock density in the High Weald by around 45% (which would take numbers back to 2000 levels) and still have the grassland stocked on at extensive basis at around 1.2 LU/ha. In addition to improving the utilisation of the registered grassland area there is believed to be an additional grassland area of around 13,000ha in the High Weald that is not accounted for in the Defra statistics. On that basis and stocked at the same extensive rate of 1.2LU/ha a further 10,833LU could be accommodated in addition to the extra 20,076 LU that would be supported on the registered area if stocked at 1.2LU/ha rather than 0.84LU/ha. So a total of 21,474 additional livestock units could be accommodated within the High Weald AONB; this equates to 143,160 ewes or 16,105 suckler cows.

The 2012 “Restocking” report gave context to this opportunity by sketching out what a viable sheep enterprise for a young start up farmer might look like. What constitutes a “viable” enterprise means different things to different people. With no mortgage to pay and picking up low or no cost grazing with functioning infrastructure, a flock of 4-500 ewes might sustain a family if there is a second income. Where there is a mortgage to pay and loans to service, a

flock of 1000 – 1500 has more chance of sustaining a family. Based on the second category there could, by restocking, be space for over 100 next generation sheep farmers in the High Weald. The economics of these opportunities are scrutinised further in Annex 4.

Grass productivity is influenced by several factors, not least grazing pressure itself. Grass swards are at their most productive between 5 and 12 cm (which equates to 1500 – 2000kg dry matter/ha). In order to achieve this optimum utilisation, grasslands need to be grazed at the right time to the right height with the right number of livestock. Where grasslands have not been appropriately managed in the past the sward composition will effect utilisation with stock avoiding long rank areas that have previously been under-grazed, areas of nettles, thistles and scrub encroachment, and nutritionally poor unpalatable grasses.

Where stock are available the common limiting factor in achieving optimum management for either biodiversity or grass production is most frequently infrastructure. Land that is "set stocked", that is to say where livestock have access to one large area of land – often for the entire grazing season -- affords limited control over sward heights and utilisation can be as low as 50%. Rotational grazing can improve utilisation to around 65%, by dividing the farm up into grazing blocks to improve control over grazing pressure and sward height. Paddock grazing gives the best control over sward height and achieves utilisations rates of around 80% but requires the biggest investment in infrastructure and time. Each paddock must be adequately fenced and the stock frequently moved between paddocks.

1.6. Can restocking conserve or enhance biodiversity?

Important flower-rich meadows need conservation.[12] There are approximately 305 unimproved meadows sites (covering 655ha) and 317 semi-improved grasslands sites (443ha) scattered throughout the High Weald.[13] But just as important is the management of 'normal' Wealden lowland pasture that does not have the floral diversity or seed bank to justify special conservation measures. Within the principles of a green economy, environmental services including biodiversity are **co-products** of profitable agriculture rather than trade-offs.

Undergrazing is more of a threat than overgrazing. A review of 104 unimproved grassland SNCIs in the High Weald AONB identified 39 sites potentially under threat; of those 4 sites were threatened due to invasive species and scrub, 6 due to lack of management and 4 due to lack of grazing infrastructure or livestock. Four sites were threatened due to overgrazing.[14]

Neutral grasslands offer the greatest potential for livestock grazing. The optimum pH for grass production is pH 6.0. Yields decline markedly under acid conditions due to the effect on nutrient availability, reduced soil fauna activity and the predominance of acid tolerant grasses. Traditionally application of lime is used to modify soil pH to improve grass growth. Typical semi-improved High Weald grassland having received very low inputs for many years (such grass is typical of Countryside and Environmental Stewardship Schemes) have a pH of less than 6, and low nutrient status (nitrogen, and phosphorous and potassium). Low nutrient status grassland tends to be more botanically diverse and these species tend to flower earlier and therefore the digestibility of the sward rapidly declines. Cattle are better at converting this poor quality

[12] www.plantlife.org.uk/campaigns/saving_meadows
[13] Meadow Grassland in the High Weald Landscape - High Weald Land Manager's Pack
[14] Dolphin Ecology (year). 2013 High Weald Grassland SNCI Landowner Liaison Project - A review of current biodiversity status, management regimes and management issues for High Weald unimproved grassland sites with SNCI/LWS status.

herbage to live weight gain than sheep. Total dry matter output is less than half that of improved grasslands but provided stocking rates are adjusted, daily live weight gain in cattle can be similar to that for improved grasslands. They also do not selectively graze in the same way sheep do which results in improved sward diversity.

Where grassland is managed for optimum livestock production ecological diversity will undoubtedly suffer, and the reverse is also true. But with much semi-improved neutral grassland there is scope to strike a balance between biodiversity and food production. These grasslands will certainly contribute to the conservation of the landscape character of the AONB, as neither being too moribund nor too intensive but sustainably retaining the field pattern of a pastoral living landscape. Acid grasslands however are of greater ecological importance due to the diversity of species they support, their rarity and fragility. Stocking rates for these sites will be very low and they are not likely to yield conservable forage.

There is new evidence that increasing productivity on farmland creates an opportunity to improve conservation value on marginal or unfarmed land. There is a plan to supply additional winter feed to farmland birds so there is sufficient food through January to April. This could be very effective on the Weald where there are still large numbers of woodland edge birds.

Summary of Annex 1

Farming is central to the Wealden landscape, with 62-67% of the AONB area reported as farmed. Reversing the decline in stocking numbers just to the densities of 2000 could potentially create over 100 new livelihoods in the High Weald, as well as many others in associated industries. But restocking as sustainable intensification is contingent on a degree of management intensity and investments in productive capacity and skills.

Annex 2. Drivers: What are the causes of destocking?

This section explores the drivers of **destocking and underuse** of pasture in the Weald together with barriers to access for new entrants and land aggregation by agricultural entrepreneurs. The focus is on two main drivers: **agricultural policy** and **taxation**.

Underuse of pasture is one symptom of those drivers. But another symptom of equal significance but presenting big challenges of assessment is **short termism**. By short-termism we refer to the dominance of annual or informal grazing licences which provide graziers on farmland with little or no incentive to invest in the quality, productivity, infrastructure or conservation value of the land they are using.

2.1 Agricultural Policy

EU and global

Some of the key policy drivers that have led to the destocking of the Weald and other landscapes have their roots in international policy and trade agreements. Much of the EU's reform of the Common Agricultural Policy (CAP) has its roots in the WTO Agreement on Agriculture which sets out how governments would improve market access and reduce trade-distorting subsidies in agriculture. Central to these reforms has been what some refer to as the 'socialisation of the CAP', with (a) 'decoupling' of payments to farmers from production (so that payments became 'income support'); (b) the introduction of 'cross-compliance' to regulate subsidy eligibility; and (c) the concept of 'modulation' to move money from production and income support under Pillar 1 to rural development measures under Pillar 2 of the CAP.

The English Approach

Under the 2003 reforms the Single Payment Scheme (SPS) replaced 10 previous subsidies which included headage payments such as Beef Special Premium, Suckler Cow Premium Scheme, and Sheep Annual Premium Scheme, and area payments such as the Arable Area Payment Scheme. England (as distinct from the devolved administrations of Scotland, Wales and Northern Ireland) went the furthest of all the EU countries in decoupling of Pillar 1 subsidies from production. When SPS was introduced in England in 2005 90% of the payment received by the farm was based on historic subsidy incomes, meaning that whilst farmers were paid per hectare each farm attracted different per hectare payments. This was phased out by 2012 when a flat rate was reached and every hectare of farmland received the same amount of subsidised income (the payment is predicted to be worth around £195/ha in 2014). England is the only region to have a flat rate or entirely regional rate; payments in all other countries are based on the historic payments the individual farm received between 2000 and 2002.

Incentivising farmers not to farm

With payment decoupled from production there is currently **no requirement to undertake farming activity** beyond keeping the land in Good Agricultural and Environmental Condition (GAEC) in order to access Pillar 1 support at either the flat rate (as in England) or at the historical reference rate as for the majority of the rest of the EU. The decoupling of Pillar 1 in fact **incentivises farmers not to farm**, and by design **encourages them not to invest in marginal or loss making beef and sheep enterprises**. "Only a sucker would keep suckler cows" is the maxim of choice for those sufficiently aware of their ability to claim SPS without producing a thing. Worse still this **subsidy-attracting land has become locked up in the hands of these inactive farmers** because, just as the subsidy provides a disincentive for them

to farm, it also provides a **disincentive to allow others to utilise it at a financially sustainable rate**. A farmer can achieve around £200/ha (£80/acre) merely by keeping the land in GAEC which when coupled with typical short-term seasonal grazing or mowing income of £30/acre and agri-environmental payments of £30/ha creates a **floor price for annual tenancy rents** of over £120/acre. This level is often prohibitive for prospective Farm Business Tenants who in addition will also have to cover their overheads and provide working capital, neither of which are necessary for the "slipper farmer".

In addition to the rental threshold potentially being prohibitive, constructing a tenancy itself can be costly and the completion of paperwork to transfer SPS and agri-environmental entitlements can be time consuming.

Agri-environmental schemes

Another source of income form agriculture is agri-environment schemes. In addition to removing any link between Pillar 1 support and production, England has bolstered Pillar 2 through modulation, with 83% of the Pillar 2 budget spent on agri-environment schemes. Since 2005, Pillar 2 funding has been distributed via Environmental Stewardship (ES) which is comprised of five year Entry Level Stewardship (ELS) agreements and ten year Higher Level Stewardship (HLS) agreements. HLS includes highly targeted funding for high value biodiversity habitats and capital payments to help facilitate their management. HLS rates for grassland range from £130/ha to £330/ha and capital funding for hedge restoration and fencing is also available under HLS.

Natural England figures show that more than 70% of Utilized Agricultural Area (UAA) in England is managed under an agri-environment scheme. In extensive low input grassland systems it has been fairly easy for farms to meet the requirements of ELS and access £30/ha per annum for the five year term of the agreement. However as discussed in the 2012 "Restocking" report, the Weald has struggled to attract the much more significant payment rates through the competitive and discretionary HLS scheme (Table 2.1). Indeed the High Weald National Character Area (NCA) statement[15] notes *"Uptake of Environmental Stewardship is less than the national average with less than half of the agricultural area under Stewardship".*

Table 2.1. Area under Environmental Stewardship in the High Weald AONB (2010 figures)
Source: Restocking the Weald (2012)

Scheme	Area in AONB (ha)	% agricultural area
Entry Level	24,527	24.86
Entry Level + Higher Level	11,432	11.59
Higher Level	3,042	3.08
Organic Entry Level	4,160	4.22
Organic + Higher Level	5,196	5.27
Total	48,359	49.01

What often comes as a surprise to many farmers is that only under the Pillar 2 agri-environment schemes does England come close to any measures which encourage livestock farming. Environmental Stewardship includes management options which are explicitly targeted at

[15] http://publications.naturalengland.org.uk/file/5851972632576000

livestock such as Mixed Stocking (EK5)[16] and Grazing Animal Supplement for Cattle (HR1)[17] or Grazing Supplement for Native Breeds at Risk (HR2)[18]. Also included are requirements under options such as Permanent Grassland with Low Inputs (EK2)[19] for a certain sward height to be attained and to be managed by grazing and/or cutting and removing. Additionally permanent pasture under Higher Level Stewardship management options have management objectives and "indicators of success" which by implication require active management of the land. For example the restoration of species-rich lowland hay meadows requires hay cutting and aftermath grazing.

2015 reforms

In 2013, EU political agreement was reached on the reform of the CAP. These reforms will be implemented from 1st January 2015. Key new principles are external convergence (narrowing the difference in payments between member states); internal convergence (rebalancing per-area payments as has already taken place in England); 'degressivity' (the reduction of payments per farm); two-way inter-pillar transfers at a member state level; a compulsory young farmers scheme, and the greening of Pillar 1 to provide increased environmental management and enhancement.

Attention in England has focused in the main on 'greening' elements and the impact of inter-pillar transfers on the already regionalised payment rate. In 2015 England will transfer 12% from Pillar 1 to Pillar 2 whilst Poland for example will move 25% from Pillar 2 to Pillar 1. This threatens to make England less competitive than other member states with less incentive to produce. There will also be a convergence of Severely Disadvantaged Area (SDA) and Non-SDA payments (known as moving money "up-the-hill") with the 2015 payment rate expected to around £204/ha in England. This rebalancing of payment rates is seen as **eroding the financial value of SPS in non-SDA areas like the Weald**.

From 2015 Environmental Stewardship will be replaced by a new Countryside Stewardship scheme with details still in development. It is understood that Countryside Stewardship will be a single scheme (rather than incorporating "levels" or "tiers") with Priority Sites (such as Sites of Special Scientific Interest) targeted on an "invitation" basis and Priority Areas (such as AONBs) targeted via NCA. Online applications will be mandatory with both elements built on 5 year agreements. Consideration has been given to how any coordinated group applications could be positively recognised in the selection criteria for applications. Under this new approach it is thought that **scheme coverage is likely to fall from 70% to 35-40%** and that with £2.2billion of the £3.1billion budget committed to existing schemes the new scheme will be inaccessible to many farmers. Defra has identified the overall priority for Countryside Stewardship as promoting biodiversity, with addressing Water Framework Directive objectives secondary. It will also cover the historic environment, genetic conservation and educational access, plus measures to

[16] EK5 Includes requirements that *"A minimum of 30 per cent of the Livestock Units (LUs) must be grazing cattle... A minimum of 15 per cent of the LUs must be grazing sheep".*

[17] This supplement promotes grazing by cattle where this is likely to be beneficial in meeting environmental Objectives

[18] This supplement is for the use of appropriate native breeds of livestock for grazing to help achieve the aims of relevant options and the 'indicators of Success'.

[19] EK2 includes, amongst others, the following requirements "Manage by grazing and/or cutting…... You must remove any cuttings. Maintain a sward with a range of heights during the growing season so that at least 20 per cent of the sward is less than 7 cm and at least 20 per cent is more than 7 cm, to allow plants to flower and to provide a more varied habitat. You do not need to maintain this height variation when the field is closed or shut up for a cut of hay or silage.

address climate change such as reducing greenhouse gas emissions and carbon storage. The extent to which such a scheme, with limited coverage and competing objectives, is able to address landscape issues remains to be seen. There may some synergies between landscape conservation and other objectives (eg biodiversity measures for meadows) but pure landscape issues, such as the medieval field pattern of the Weald, is likely to be overlooked.

While it is not yet clear whether there will be specific Countryside Stewardship management options to address carbon storage it is useful to note, in the context of a landscape scale approach, the role of grassland in carbon emissions/sequestration. Grassland carbon stocks are largely held within the soil rather than vegetation, thus management that minimises soil disturbance is more favourable than that where cultivation takes place, which may result in carbon emissions. The impact of, for example, restoration of species rich grassland on carbon storage is difficult to assess. While even light cultivation to facilitate the introduction of wildflower seeds or green hay may initially be negative from a carbon point of view, once restored these habitats would be expected to build up carbon.[20] The grazing management of these habitats is equally complex in terms of carbon. Grazing animals will release GHG, but they may contribute to the conservation of soil carbon by maintaining a diverse habitat.[21]

Greening measures in the 2015 CAP reform that go beyond the current requirements of cross-compliance are largely related to arable farms which will have requirements for "crop diversity" and "ecological focus areas". **Permanent pasture** farms (classified as grassland older than 5 years, and including grass to grass reseeds) will not see a significant difference from the current rules. There had been a proposal to restrict the cultivation of permanent pasture by requiring 95% of pasture to remain uncultivated at a farm level. Although this proposal is not contained within the post-2014 rules, there is currently an England-wide "envelope" and permanent pasture nationally must not fall below 95% of its 2003 level; this requirement is likely to continue post-2014.

While there will be no change in farm level restriction on the cultivation of permanent pasture as part of the CAP reform and "greening" measures, provision already exists for the protection of **uncultivated and semi-natural areas** under the Environmental Impact Assessment (Agriculture) (England) (No.2) Regulations 2006. The regulations cover two different types of project:Projects on uncultivated land, or semi-natural areas that increase its productivity for agriculture. The types of work covered will include (a) projects that increase levels of fertiliser or soil improvers; sowing seed; physically cultivating the soil (by ploughing, tine harrowing, rotovating etc); draining land; and clearing existing vegetation either physically or using herbicides; and (b) projects that physically restructure rural land holdings, including the addition or removal of field boundaries; and recontouring the land through addition, removal or redistribution of earth or other material.

Since land is considered to be "uncultivated" if it has not been mechanically or chemically cultivated for more than 15 years, some grasslands that have been in agri-enviroment schemes may be caught by the regulations, so too could the increasing of productivity of some of the "unregistered" grasslands identified in Annex 1.

[20] The species composition of grasslands influences the amount of carbon in the soil with one US study showing a 500% increase in soil carbon of species rich swards as compared to monocultures

[21] Natural England Research Report NERR043 Carbon storage by habitat: Review of the evidence of the impacts of management decisions and condition of carbon stores and sources 2012

Under the reform package, member states are required to define the minimum activity necessary to qualify for support where the land is naturally kept in a condition suitable for agriculture without input. In such circumstances the land must be subject to at least one annual activity.

Defra has identified fen marsh and swamp, saltmarsh, bog, acid grassland and rough low productivity grassland as potentially being naturally kept in a condition suitable for agriculture without intervention. This amounts to some 1,022,264ha (12% of the claimable area), the bulk of which is low productivity grassland that, as shown in [Module 1] is hard to define. Whilst this area is still under consideration and it is likely that only the extremes of these habitats (i.e. saltmarsh and land above a certain elevation) will be included in this provision. If this measure had captured lowland semi-natural habitats there could have been an opportunity for Pillar 1 to positively influence the utilization of these habitats by grazing. This is because once the habitat types are determined Defra must then define the level of activity required to enable these areas to qualify for subsidy payments. It is likely that similar requirements to those the RPA currently operate for saltmarsh will be put in place. The RPA do not consider that it is sufficient for saltmarsh to be being "capable" of being grazed but that it must actually be grazed each year

In summary, Countryside Stewardship will only be able to contribute to the primary purpose of AONB designation (to conserve and enhance the natural beauty of the landscape) and one of the secondary objectives (to have regard for the interests of those who live and work there) incidentally as an afterthought to objectives such as biodiversity and water resource. This could limit the entrepreneurial new entrant farms access to Pillar 2 funding.

There is an intention for Countryside Stewardship funding to be made available to support cooperation by groups or farmers and others to deliver Countryside Stewardship priorities at **landscape scale**. It is proposed that a facilitator (with funding available for the role) would work with a group of land managers and local partners to develop a multi-agreement; group members would submit individual but complementary Countryside Stewardship applications for land management and capital items to deliver the outcomes at a landscape scale.[22]

Young Farmers

At present 4.5 million farmers in Europe (30%) are over 65, and only 6% are under 35. The 2013 reform introduces a new type of aid for young farmers: a bonus corresponding to 25% of the amount of direct payments on the first 90ha payable to young farmers in their first five years of working in the sector. This scheme is therefore worth up to £4,500pa. The applicant must be under 40 in their first year of claim and in control of the farming business. It is therefore possible that this measure could precipitate generational change sooner than might otherwise have happened; for example where a son or daughter takes control of the family farming partnership. The scheme is more appropriate for inter-generational transfers within farm families rather than new entrants with little land of their own.

In addition to the Young Farmers scheme there will be a National Reserve for new entrants to farming. These new entrants (who may or may not also be Young Farmers) can apply to the National Reserve for an allocation of entitlements to claim BPS rather than face buying them on the open market.

[22] Ref: Developing the cooperation approach within NELMS. Agri-Environment Stakeholder Group 19 May 2014

2.2 Taxation Framework

As we have seen in 2.1, farmers with low (or no) activity are financially induced to lock up land by CAP subsidies. In the same way that agricultural policy via SPS disincentives farmers to produce or to make land available for others to farm, the **taxation framework** is frequently seen as a **reason not to relinquish control of the land to new entrants**.

The typical route into farming is through inter-generational transfer within the family, and taxation policy is intrinsically linked to this model. Almost three-quarters of main farm decision-makers entered farming as a family worker or helping on a family farm and less than 1 in 10 are the first generation of their family to be involved in farming.[23] In 2004 it was estimated that only 1.4% - 2% of main farm decision-makers can be counted as "new entrants" within the past five years. This may be due more to barriers to exit than barriers to entry. Indeed ADAS, when considering "Entry to and Exit from Farming in the United Kingdom" in 2004 stated *"The low rate of new entry into family farms reflects the recent poor returns compared to alternative occupations rather than any barriers to entry."* The 2013 Future of Farming Review asserted, however, that "*There are various reasons why farmers decide to remain farming beyond the age at which people in other sectors would usually look to retire. Many of them enjoy the way of life, running a family business and living in a rural community and have no reason to uproot themselves from a longstanding combined business and home.* ***There are few financial or other inducements to retiring, indeed the opposite is true****".* [24]

This is applies especially to the need to claim **Agricultural Property Relief** (APR) on the farmhouse. Farmers are financially induced to keep farming and lock up land in particular by APR and **Business Property Relief** from Inheritance Tax. The **Capital Gains Tax** rules can be equally problematic with the ability to claim Entrepreneurs Relief or Roll Over relief dependant on maintaining a trading activity. While these inducements directly impact farming family succession for owner occupiers, there is clearly a knock-on effect in terms of access to rental land afforded to new entrant agricultural entrepreneurs. This are now examined in greater detail.

Taxation is a complex area which requires specialist case by case advice based on individual circumstances and business structures. But we heard common misconceptions when interviewing landowners about the advantage to be gained by not relinquishing occupation of land.

Agricultural Property Relief from Inheritance Tax

APR is one of the major drivers for non-farmers to buy into farming, as a tax efficient vehicle for transferring wealth to the next generation. To be eligible for APR landowners have to prove **management control**. Therefore they are **deterred from renting land**. But there are major misconceptions associated with APR. Some landowners are still not aware that **APR is available at 100% on the agricultural value of land let on a Farm Business Tenancy**. There are also landowners who consider that by not letting out their land they will be able to obtain APR on the **farmhouse**. A working farmhouse, commensurate with a working farm from where business decisions, animal husbandry and land stewardship are planned and undertaken, have been able to qualify for APR even if the house is not "of a character appropriate" for the farm. Where a farmhouse, of a character appropriate to the land, is no

[23] Entry to and Exit from Farming in the United Kingdom ADAS Consulting Ltd June 2004
[24] Future Of Farming Review Report July 2013. Our emphasis.

longer occupied for the purposes of agriculture because the land is let out then there will be no relief available on the agricultural value of the house. But there is a growing body of case law ruling out relief on properties that are disproportionate to the size of the farm and the nature of the farming enterprise. Large farmhouses on small acreages are unlikely to attract relief and it is therefore, in some instances, a fallacy to not make use of FBT provisions in order to try to access this relief.

Entrepreneur's Relief

Entrepreneur's Relief from Capital Gains Tax is only available where there is a **trading business** and applies to gains made on the disposal or cessation of the whole or part of that business. In a similar vein to landowners choosing not to use FBTs due to an ill-conceived plan to secure APR on a farmhouse, landowners may also avoid letting land as they attempt to show that they are eligible for Entrepreneur's Relief (which has particularly complex rules) from Capital Gains Tax on the lifetime sale (or gift) of a property or land. This relief is not available on let land and has a high threshold that must be attained by **demonstrating trading, occupation and perhaps most importantly exposure to risk**. If a grazing arrangement does not constitute farming as a business, relief is unlikely to be available. Where a landowner is idling land or even where a "share farming agreement" is in place where the financial risks are defrayed and their "share" of the profit remains consistent year on year it is unlikely that they will achieve the high threshold and be able to access the relief.

Income tax

Where the recipient of income from grazing is in occupation as a farmer the income will be assessed as trading income; were he/she not a "farmer" the income will be treated as investment income. These distinctions are important for the calculation of net taxable profit as property income losses can only be offset against property income profits.

There are also tax rules that directly impact new entrants including the beneficial tax position afforded to corporate structures (over sole traders and partnerships) which are not favoured by new entrants due to the administrative burden and Stamp Duty Land Tax which is payable on longer term lets.

Summary of Annex 2

Overall the 2015 CAP reform doesn't change the fundamental drivers of agricultural policy, and maintains a bias against the Weald – see summary in Box 1. Subsidy-attracting land has become locked up in the hands of inactive farmers, and is a disincentive to allow others to utilise it at a financially sustainable rate. Through tax policy landowners are financially induced to hold onto control, in particular by realities and misconceptions of Agricultural Property Relief and Business Property Relief from Inheritance Tax. The outcomes is little incentive to invest in infrastructure (fencing, water, yards..), productivity (lime, seeding..) or conservation, and no chance to get the intensity of management for more intensive production, eg paddocks/rotational grazing. So landowners prefer 1-year grazing licences or informal agreements with graziers, or even simply having the pasture mown annually for hay, rather than entering into tenancy agreements with neighbouring farmers or new entrants. Land agents – as landowners' main advisors – have been complicit in this. But as set out in Annex 3, there are **reasons for farmers and landowners to rethink**, both in the policy and tax realms.

Box 1. 2015 CAP reform doesn't change the fundamentals: Headlines for the Weald

Pillar 1 Single Payment (SPS)

- Potential reduction in **competitiveness**: England: 12% Pillar 1 → Pillar 2 (Poland: 25% Pillar 2 → Pillar 1)
- Erosion of the **financial value** in non-Severely Disadvantaged Areas like the Weald

Pillar 2 Countryside Stewardship

- Lower **coverage** (70% → 35-40%) and erosion of **value** (£3.1billion →£2.2billion): ***even* less access** to Pillar 2 funding in the Weald
- **Biodiversity** and **water** remain primary priorities, rather than AONB objectives

Annex 3. Threats to eligibility for and value of farm and environmental payments

We have described in Annex 2 how signals from agricultural policy and taxation policy, as well as poor advice and lack of knowledge, are major blockages to the opening up of unused and under-used pasture. But there are new catalysts or signals that may cause landowners to rethink their options. In the market, there is currently downward pressure on livestock prices. In **agricultural policy**, the value of agricultural payments is declining in real terms, and agri-environmental payments are being targeted on a smaller proportion of farmland. In **tax policy**, as in agriculture policy, the rules for tax relief are becoming increasingly stringent. Claiming subsidy and tax exemptions while having a grazier on the land is coming under scrutiny. Together these reduce the floor on rental values, increases the risk of dual use, and bring the value of 'slipper farming' into question. We look at these threats to eligibility in turn.

3.1 Active farmers

In the run-up to the implementation of the reformed CAP there has been more discussion about **who** will be eligible to claim than **what** they will be eligible to claim on. The **level of farming activity required in order for claimants to be eligible for subsidies** is a live issue at an European level but the EU came to realise that scrutinising activity levels would turn Rural Payments Agency (RPA) inspectors into tax inspectors. The RPA would need to determine what proportion of a farmer's income was derived from farming rather than any other business activity. Defining those who are clearly not farmers has become difficult although a "negative list" of business that are not eligible is likely to be adopted so that, amongst others, water and utility companies will no longer be eligible to claim.

The Rural Payments Agency, concerned about "disallowance" penalties from the EU due to administrative and accuracy errors, has become increasingly forensic in their examination of farms and their compliance with the rules. For example it is now common for an RPA inspector to require copies of FBTs and even deeds, especially where there is Dual Use (see below). At high risk of penalties are landlords claiming agri-environmental payments where a tenant claims the SPS. Cross Compliance applies to environmental stewardship just as SPS so if the tenant falls fouls of the livestock identification rules, for example, the landlord's agri-environmental agreement may also be penalised. Stewardship and SPS claimants with licensee graziers are also at increased risk for the same reasons.

3.2 The end of Dual Use?

In conjunction with the consideration of who is an "active farmer", the current rules relating to **Dual Use** have also distorted subsidy payments. England is the only country in the EU that permits two businesses to claim under different schemes on the same parcel of land, known as "Dual Use". Dual Use typically arises where a landowner claims agri-environment subsidies under a 5 or 10 year scheme which may include capital improvements to the farm such as fencing, and the tenant claims the SPS. This is often rationalised on the basis that while tenants have the "land at their disposal" on the 15th May each year, for SPS purposes they do not have "management control of the land" for the duration of the agri-environment agreement. While this is a reasonably pragmatic reflection of the land tenure situation it presents numerous problems in relation to compliance with scheme rules.

There is a broad spectrum of land tenure arrangements but put simply in order to claim SPS a tenant should have a Farm Business Tenancy or Agricultural Holdings Act tenancy and

conversely if a Contract Farming Agreement, Grazing Licence, or Share Farming Agreement is in place, the landowner will usually be the claimant. Where there is "Dual Use" the landowner should ensure that their tenant is aware of and compliant with the stewardship requirements, usually by way of a memorandum to their FBT. In this situation the landowning HLS claimant must still meet cross compliance rules and is therefore exposed to penalties if their SPS claiming tenant breaches those rules, for example by not ensuring livestock are correctly ear tagged.

If Dual Use were to be discontinued in England it would help to reduce the flow of subsidy to those who manage and farm the land in name only. This in turn would sit better with the EU's overarching position that the CAP be "socialised" so that it provides income support to farmers and non-market public goods; it is not surprising therefore that the EU are anti-Dual Use.

3.3 Threats to eligibility for tax relief

Equally HMRC has in successive cases scrutinised the extent to which the tax relief claimant can demonstrate active "husbandry". For example in *McCall,* where the claimant sought Business Property Relief on the value of land zoned for development over and above its agricultural value (for which it would qualify for APR). In this case it was deemed that since the owner was merely carrying out maintenance and not growing grass as a crop and that the graziers in fact maximised the value of the grass by feeding it, the claimant was not operating a trading business but merely had an investment interest in the land and therefore BPR was not available. In cases such as *Antrobus 2* and also *McKenna* the potential for other farming assets to qualify for APR has been scrutinised. For a farmhouse to qualify for example in must be of "character appropriate to the land" and occupied for the purposes of agriculture.

The opportunity here for new entrants and entrepreneurs in regard to both SPS and taxation compliance is to recognise that some landowners will be labouring under a false impression that they are able to access subsidies and reliefs that they not really eligible for. This requires careful analysis of grazing arrangements and professional advice as to what the opportunities and risks are for both land owner and land occupier. The rules and regulations around tax and subsidy at their core both rely on the extent to which one is carrying out "husbandry".

3.4 Grazing agreements

The Central Association of Agricultural Valuers (CAAV) explores Grazing Arrangements[25] in detail including the types of agreements available and the interaction with subsidies and taxation. The breadth and depth of their handbook shows the importance of good independent professional advice in arriving at the right solution for both landowner and entrepreneur.

In this model (which replicates real situations encountered during interviews) no rent may be paid and no subsidy received. But it is important to note that the nature of this arrangement would **not comply with SPS eligibility rules and some taxation rules** (APR excepting). Indeed under such a scenario with the right level of trust between "landlord" and "tenant" together with some independent guidance this situation ought to make use of the **FBT route** so long as a sustainable rent can be agreed. This would enable the land user to claim SPS and if possible ES.

[25] Grazing Arrangements Issues Affecting Land, livestock and Horses CAAV March 2013

Summary of Annex 3

Threats to eligibility for farm payments and tax relief could be catalysts for landowners to become **more proactive in how their land is managed.** There is an opportunity for those who advise landowners – especially land agents – to explain the opportunities and realities of longer term arrangements with land users. Those land users may be **existing farmers** who are looking to take on more land (and create job opportunities through hiring labour), or **young entrepreneurs**.

Annex 4. Economics: Can livestock farming be a viable livelihood opportunity in the Weald?

One principle of feasibility is avoiding 'enterprise traps' that draw new entrants into utilising land for land utilisation's sake without any really prospect of making a sustainable living. This **economic element of viability** is particularly important in lowland grazing livestock enterprises which do not have a very positive track record; the 2010/2011 Farm Business Survey of Lowland Grazing Livestock Production in England found that this category produces the lowest incomes per farm, per hectare and per annual labour units.[26] The grazier must have a business model that can be financially sustainable.

The following example of a **100 acre (40 ha) Wealden sheep enterprise** shows how low the profitability of the livestock sector can be – or perhaps more accurately what scale an enterprise needs to be in order to be profitable. Without the benefit of stewardship payments and with an eroded Pillar 1 payment coupled with increasing rents, it will be increasingly difficult for an enterprise to be profitable without concessionary arrangements between landowner and grazier.

For calculating the returns on different types of sheep enterprise we have modelled three scenarios using real/best guess enterprise data from Frank Langrish's sheep operation. In all scenarios the first 200 ewes are owned and paid for. The farmer pays him/herself £10/hr or £22.50/ewe. The results are presented in Table 4.1

The **first scenario** is an arrangement of annual grazing licences. Grazing licences – either formal or informal – are the most common way into sheep farming for new entrants. Here the landowner is the 'active farmer' and keeps the single farm payment (SPS). The grazier pays rent in kind rather than cash to keep costs low, through constructing and maintaining fences. The grazier builds up a flock of 400 ewes. The example assumes the grassland has been improved to a degree. Returns are based on average EBLEX figures for 2013 (while noting that the market has softened in 2014), and costs are a mixture of EBLEX figures and local experience. It is assumed that the land is 5 miles from the tenant/land user's home, that there are no buildings and that they are running a pickup or Land Rover at a cost of 60p per mile. Typical of land used on an ad hoc basis, it is assumed it is ring fenced and that the land user pays for maintenance and inputs. In this scenario the grazier pays no rent and receives no subsidy. Although commonly used, this arrangement may fall foul of both SPS and taxation legislation – See Annex 3.

The **second scenario** runs the same figures but under a Farm Business Tenancy (FBT). Here the grazier/entrepreneur is the active farmer and receives SPS (calculated at £200/ha) and a stewardship payment (ELS at £30/ha) but pays the landowner a commercial rent of £250/ha.

The **third scenario** is an example of a combination whereby a young farmer might progress over seven years to full time position and generate enough sales to extract a wage of around £25,000, starting from a 100 acres on rent-free grazing licence, then securing an additional 150 acres under an FBT (at £88/acre), some additional grazing for a licence fee (£20/acre) and some overwinter grazing. Stocking density increases from 2.0 to 3.5 ewes/acre over time in line with improved pasture quality. By year 7 the farmer is running 1125 ewes.

[26] Rural Business Research (undated). Farm Business Survey 2011/2012: Lowland Grazing Livestock Production in England. Rural Business School, Duchy College. www.ruralbusinessresearch.co.uk

Table 4.1. Financial modelling of three different sheep enterprises

Option 1. Grazing Licence.

	Year 1		Year 2		Year 3		Year 4		Year 5	
	200 in flock		250 in flock		300 in flock		350 in flock		400 in flock	
	Per Ewe	Total	Per Ewe	Total	Per Ewe	Total	Per Ewe	Total	Per Ewe	Total
Sales	105	21,000	110	27,563	113	33,750	113	39,375	112	44,800
	105	**21,000**	**110**	**27,563**	**113**	**33,750**	**113**	**39,375**	**112**	**44,800**
Variable costs										
Replacements	12	2,400	20	5,000	18	5,400	16	5,600	14	5,600
Concentrates	14	2,800	14	3,500	16	4,800	17	5,950	18	7,200
Vet & Med	12	2,400	12	3,000	14	4,050	14	4,725	14	5,600
Lime	7	1,300	7	1,625	7	1,950	7	2,275	7	2,600
Phosphate	9	1,800	9	2,250	9	2,700	9	3,150	9	3,600
	54	**10,700**	**62**	**15,375**	**63**	**18,900**	**62**	**21,700**	**62**	**24,600**
Fixed costs										
Vehicle	12	2,352	9	2,353	8	2,352	9	3,192	10	4,000
Machinery	3	600	3	625	7	2,100	30	10,500	30	12,000
Contracting	2	300	2	375						
Property maintenance	3	500	3	750	4	1,050				
Drawings/Labour	23	4,500	23	5,625	23	6,750				
Sundry	5	1,000	6	1,500	5	1,500	6	1,925	6	2,200
	46	**9,252**	**45**	**11,228**	**46**	**13,752**	**45**	**15,617**	**46**	**18,200**
Gross Margin	**52**	**10,300**	**49**	**12,188**	**50**	**14,850**	**51**	**17,675**	**51**	**20,200**

Net Profit	**5**	**1,048**	**4**	**960**	**4**	**1,098**	**6**	**2,058**	**5**	**2,000**

Option 2. FBT

	Year 1		Year 2		Year 3		Year 4		Year 5	
	200 in flock		250 in flock		300 in flock		350 in flock		400 in flock	
	Per Ewe	Total	Per Ewe	Total	Per Ewe	Total	Per Ewe	Total	Per Ewe	Total
Sales										
Fat /Store Lambs	105	21,000	110	27,563	113	33,750	113	39,375	112	44,800
SPS/BPS	40	8,097	32	8,097	26	7,935	23	7,935	19	7,776
ELS	6	1,214	5	1,214	4	1,214	0	0	0	0
	152	**30,311**	**147**	**36,874**	**143**	**42,899**	**135**	**47,310**	**131**	**52,576**
Variable costs										
Replacements	12	2,400	20	5,000	18	5,400	16	5,600	14	5,600
Concentrates	14	2,800	14	3,500	16	4,800	17	5,950	18	7,200
Vet & Med	12	2,400	12	3,000	14	4,050	14	4,725	14	5,600
Lime	7	1,300	7	1,625	7	1,950	7	2,275	7	2,600
Phosphate	9	1,800	9	2,250	9	2,700	9	3,150	9	3,600
	54	**10,700**	**62**	**15,375**	**63**	**18,900**	**62**	**21,700**	**62**	**24,600**
Gross Margin	**98**	**19,611**	**86**	**21,499**	**80**	**23,999**	**73**	**25,610**	**70**	**27,976**
Fixed costs										
Vehicle	12	2,352	9	2,353	8	2,352	9	3,192	10	4,000
Machinery	3	600	3	625	7	2,100	30	10,500	30	12,000
Contracting	2	300	2	375						
Property maintenance	3	500	3	750	4	1,050				
Drawings/Labour	23	4,500	23	5,625	23	6,750				

Professional	1	250	1	250	1	250	1	250	1	250
Rent	50	10,000	40	10,000	33	10,000	29	10,000	25	10,000
ELS costs	1	150	1	150	1	150	0	0	0	0
Sundry	5	1,000	6	1,500	5	1,500	6	1,925	6	2,200
	98	**19,652**	**87**	**21,628**	**81**	**24,152**	**74**	**25,867**	**71**	**28,450**
Net Profit	**0**	**-41**	**-1**	**-129**	**-1**	**-153**	**-1**	**-257**	**-1**	**-474**

Option 3: Transition[27]

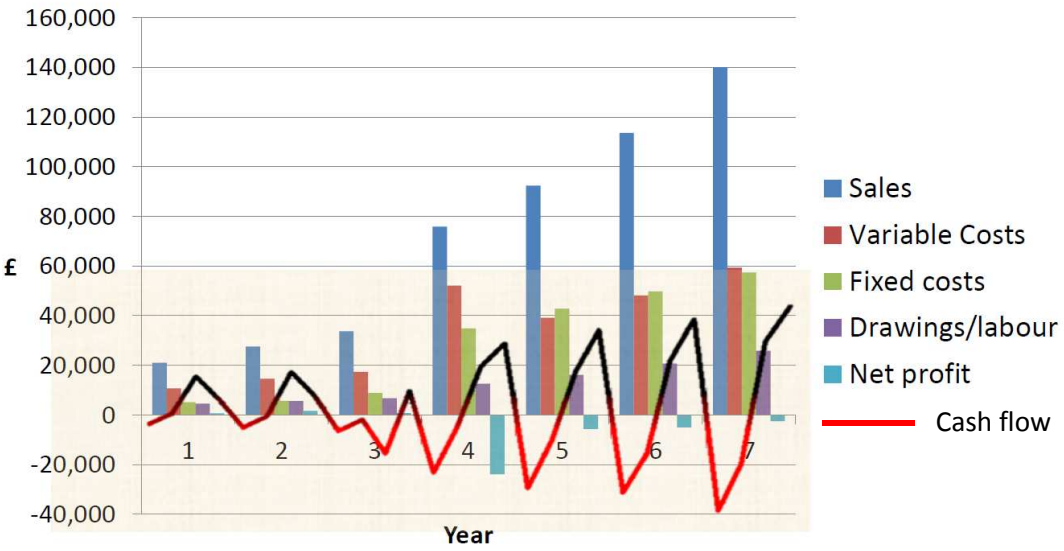
	Year 1		Year 2		Year 3		Year 4		Year 5		Year 6		Year 7	
Grazing area (rent free)	100		100		100		100		100		100		100	
FBT area (£88/acre)							150		150		150		150	
Grazing area (£20/acre)									50		75		75[28]	
Total	100		100		100		250		300		325		325	
Stocking Density (ewes/ac)	2.00		2.50		3.00		2.20		2.33		2.77		3.46	
Number of ewes	200		250		300		550[29]		700		900		1125	
	Per Ewe	Total	Per Ewe	Total	Per Ewe	Total	Per Ewe	Total	Per Ewe	Total	Per Ewe	Total	Per Ewe	Total
Sales														
Fat /Store Lambs	105	21,000	110	27,563	113	33,750	113	61,875	112	78,400	113	101,700	114	128,250
SPS/BPS	0	0	0	0	0	0	22	12,145	17	12,145	13	11,902	11	11,902
ELS	0	0	0	0	0	0	3	1,821	3	1,821	0	0	0	0
	105	**21,000**	**110**	**27,563**	**113**	**33,750**	**138**	**75,841**	**132**	**92,366**	**126**	**113,602**	**125**	**140,152**
Variable costs[30]														
Replacements	12	2,400	20	5,000	18	5,400	55	30,000	18	12,600	18	16,200	18	20,250
Concentrates	14	2,800	14	3,500	16	4,800	16	8,800	16	11,200	17	15,300	17	19,125
Vet & Med	12	2,400	12	3,000	14	4,050	13	7,150	13	9,100	13	11,700	13	14,625
Lime	7	1,300	5	1,300	4	1,300	5	2,600	4	2,600	1	1,300	1	1,300

[27] Cost of borrowing set at 3.5% based on the average overdraft requirement for the quarter
[28] Assumes 50% of ewes over winter grazing on additional land at £0.5 per head per week lookered
[29] Assumes purchase of 200 ewes at £130/head
[30] Assumes some savings on economies of scale (Vet&Med, Concentrate, etc) countered by inflation. Lime and P application finish on 1st 100 acres after year 5 but continue on FBT land in year 6 at same cost

Phosphate	9	1,800	7	1,800	6	1,800	7	3,600	5	3,600	2	1,800	2	1,800
Winter grazing	0	0	0	0	0	0	0	0	0	0	2	1,800	2	2,250
	54	**10,700**	**58**	**14,600**	**58**	**17,350**	**95**	**52,150**	**56**	**39,100**	**53**	**48,100**	**53**	**59,350**
Gross Margin	**52**	**10,300**	**52**	**12,963**	**55**	**16,400**	**43**	**23,691**	**76**	**53,266**	**73**	**65,502**	**72**	**80,802**
Fixed costs														
Vehicle	12	2,352	9	2,353	8	2,352	12	6,600	13	8,750	13	11,700	14	15,750
Machinery	3	600	3	625	4	1,200	4	2,200	4	2,800	4	3,600	4	4,500
Contracting	2	300	2	375	3	900	4	2,200	6	4,200	6	5,400	6	6,750
Property maintenance	3	500	3	750	4	1,050	2	1,050	3	2,000	3	2,500	2	2,500
Professional	1	200	1	200	1	200	1	500	1	500	1	500	1	600
Rent	0	0	0	0	0	0	24	13,200	20	14,200	16	14,700	13	14,700
ELS costs	0	0	0	0	0	0	0	150	0	150	0	0	0	0
Bank Charges/Interest	4	700	3	770	8	2,415	13	7,035	11	7,998	10	9,135	9	10,378
Sundry	3	500	3	625	3	750	3	1,925	3	2,200	3	2,200	3	2,200
	26	**5,152**	**23**	**5,698**	**30**	**8,867**	**62**	**34,860**	**60**	**42,798**	**55**	**49,735**	**52**	**57,378**
Drawings/Labour	23	4,500	23	5,625	23	6,750	23	12,650	23	16,100	23	20,700	23	25,875
Net Profit	**26**	**648**	**7**	**1,640**	**3**	**783**	**-42**	**-23,819**	**-7**	**-5,632**	**-6**	**-4,933**	**-3**	**-2,451**

The big challenge of livestock production is **finance** and **cash flow**. While the P&Ls of Scenario 3 look quite favourable and the enterprise viable, when quarterly cash flow is plotted (Figure 4.1) it is clear that the entrepreneur needs access to considerable cash reserves or line of credit to maintain the liquidity of the enterprise as it grows. Without farmland as collateral or a reliable secondary income, banks are unlikely to lend on the basis of such a business plan, even with a 5-year FBT in place. The enterprise is best run alongside another more stable source of income to secure credit and manage cash flow.

Figure 4.1. Cash income, outgoings and flow, scenario 3 (transition model)



In order to grow the enterprise to a sustainable level (at least 700 ewes) a **base of operations** is required, whether the grazier is an existing owner occupier or tenant or a new entrant from the next generation of farmers. The clear advantage that an expanding owner occupier has is that they have the benefit of the capital asset that they borrow against and shape to provide the infrastructure they require. Other nucleus holdings that have been examined are share farming arrangements and of course FBT situations.

With a functional base of operations a grazier must quickly look to achieve the critical mass required to make a viable enterprise by aggregating land. This land will be acquired on a variety of basis; ad hoc informal agreements; quid-pro-quo in return for hedge cutting, topping and a small amount of hay; winter keep headage payments; summer mowing or grazing licences; through to FBTs.

Summary of Annex 4

There are clearly viable business opportunities for enterprising farmers in Wealden livestock without having to overcome the huge barrier of land ownership. But the narrow margins mean three things: (a) **enterprises are very sensitive to the cost of land rental**, with a strong incentive to access land at low or zero cost (or collects all the payments that are going); (b) the prospect for profit sharing models – which came up a surprising number of times in interviews

with landowners, and also features in Defra's Future of Farming Review – are non-starters from an economic perspective; the emphasis must be on **aggregation of land rather than sharing profit** of what are already sub-optimal holdings; and (c) that the enterprise must be run very **efficiently**. But when interviewing entrepreneurs for this study there was in a number of cases little or no formal training in business and finance and few if any budgetary controls. There is an assumption that if the land is free or almost so, then money can be made from it. The central role of **training and mentoring** in feasibility is addressed in Annex 5.

Annex 5. Capacity: training, mentoring and accreditation

To establish longer term farming arrangements with landowners, there is a need to ensure that potential land users have the skills to run successful businesses and to protect and enhance landowners' interests for their land. A programme of training and mentoring, linked to an accreditation scheme, is proposed in this feasibility study.

Relatively few of the interviewees for the study had been through full time training at agricultural college or had achieved a recognised agricultural qualification. However most had attended courses to gain statutory qualifications that were required for their work, in particular relating to use of chainsaw and for towing a trailer over 750kg. Some had forestry and arboriculture training and others worked in garden landscaping and maintenance.

5.1 Training Modules

The following training modules were identified in the feasibility study as essential components.

Business Management and Financial Planning

An understanding of **business management and financial planning** has to be a first step in ensuring viability of farming enterprises and to give confidence to landowners:

- How to prepare budgets
- Understanding costs, especially vehicle running costs
- Capital requirements
- Understanding different farming agreements: Grazing Licences, FBTs, share farming, profit sharing or other tenure and rental agreements
- Farming systems that do not need high capital input

For many itinerant livestock keepers there is a necessity to travel quite long distances between blocks of land and therefore a high cost in running a suitable vehicle. Four wheel drive pickup trucks can cost as much as 60p per mile, a factor often overlooked. This can highlight the importance of having proximate or contiguous blocks of land.

These issues are not at present covered by any short term training module. The agricultural colleges cover them in their full-time agricultural courses. There are day courses run by Plumpton College on "Obtaining finance for rural business" and "Obtaining finance to grow your small business", the costs of which are from £186 - £197 per day, but these do not fully cover the important issues faced by start-up farmers.

Some of the mainstream banks will offer training courses for "free" on farming finances and would cover financial and budgetary requirements. Mid Kent Training (MKT) could run courses to cover financial planning.

The numerous **different farming agreements/arrangements** appear not to be covered by any training courses that are targeted at our new entrants. Land Agents are normally the link between the landowner and land user; the significance of the different arrangements are not always clearly understood especially in relation to security of tenure, cross-compliance and environmental stewardship by either party. There is a need for training to cover these issues as mistakes and confusion can be very costly for both parties. A better understanding could free up more land on longer term arrangements. There may also be a need to offer **training to land**

owners on requirements for cross compliance and environmental stewardship to protect their income.

Farming systems that do not require high levels of capital
Farming systems that do not require high levels of capital is not a subject covered by any training and would be more applicable to **mentoring** on a one to one basis to assess the suitability of any such agreement. Purchasing stock is often beyond the reach of many. All of the following have the benefit of little or no capital outlay apart from supplying feed:

- Heifer rearing for dairy farmers
- Rearing calves for beef units
- Taking sheep for keep/tack/agistment. This can be just for the winter or longer arrangements on an annual basis taking lambs through to shearlings
- Summer grazing for cattle

There may be legal issues of subletting unless the correct agreements are used. Cash flow can be arranged so payments are made monthly or quarterly. These systems can be operated in tandem with own stock so giving an opportunity to build up numbers and still have an income. Agreements need to be clear on responsibilities relating to the stock under these arrangements.

There are many different types of **profit sharing arrangements** to suit different conditions, a few are listed below:

- **Lambing ewes**, in which the financer/farmer buys the stock and the profit sharer will lamb them and do all the work involved, keeping the wool and the revenue from it. They buy all vet & med. Revenue from lamb sales would normally be shared share 1/3 to 2/3. All cull ewe revenue goes back to the financer. There is a good incentive on this to raise lambs well. It is possible to lose money if the lambing is poor or if the ewe depreciation is too high and losses are too great. This can suit a 'flying flock' situation where all ewes and lambs are sold and others bought in to start again.
- **Lamb finishing** is another option, where the financer buys the store lambs or put them on the farm at a market value. The farmer provides all the feed and the financer pays for all vet & med, normally sharing the net difference in value at sale 50/50. There is no risk to the farmer and a chance to make more than just supplying keep/tack. Pasture needs to be high quality or fodder crops grown so there can be more costs involved.
- Another system operated locally and increasingly popular is where **ewe lambs are put on to farms** and pay 40 – 55p a week for a year or more, depending on who gets the wool. This is very popular as there is no risk to the grazier/farmer and the owner pays for the vet & med. If they keep the wool they have to pay for the shearing and take a lower headage payment. This utilises lower quality grazing land.
- A similar system is where the grazier buys the ewe lambs and the owner **guarantees to buy them back** a year later. Normally the lambs are put in at market value and all good shearlings bought back at around £30 more than selling price. If values move up and this system is proceeding then it will work on a differential every year so as not to over-value the ewe lambs and smooth out the values.
- **Finishing cattle** can be on a similar system where the financer buys the stock and pays for all initial vet & med and transport. At sale the net profit is split 50/50 after commission and transport costs. This tends to work better where the cattle are finished off grass. If buying in feed then both sides would have to pay. There is no risk or capital outlay to the

grazier. This type of arrangement is less common as profit margins on cattle have been very low.

A note of caution needs to be added for anyone keeping cattle under any arrangement in East Sussex or on the border with Kent, related to the additional cost and workload involved with TB testing, especially the need for pre-movement testing and the high cost if using outlying parcels of land.

All of these schemes require one to one **mentoring** to ensure clear understanding of likely revenues or possible risks.

Animal Health & Welfare and Livestock Handling

Animal Health and Welfare training has to be a very high priority in systems where landowner's confidence in the land user is essential, especially where the owners have little or no knowledge of farm livestock and their ailments. Included in this has to be the need for fixed or mobile livestock handling systems. If cattle are kept then it is obligatory to have a secure system for TB testing and for Health & Safety.

All new entrants should have:

- Completed training in health and welfare of livestock
- Knowledge of how to draw up a flock or herd health plan in association with a vet
- Knowledge of the statutory records for livestock keepers
- An animal transport qualification
- HGV or over 750kg trailer towing licences
- Encouragement to share handling systems.

Animal Health and Welfare training is covered by Plumpton College and they have a course on sustainable sheep farming at a cost of £145, that includes some aspects on health and welfare; there is a similar course for beef at £200. These are more general courses and it may be necessary to tailor courses through Mid Kent Training (MKT) to better fit the requirements of the young people we are targeting.

Flock or herd health plans are essential for ensuring good practice. These will need to be drawn up in conjunction with a vet, but some knowledge of the requirements will save time and high vets fees. MKT have suggested setting up a Discussion Group on livestock farming and the subject of health plans could be covered by this. High calibre speakers would be arranged -- senior vets or similar -- and would need to be paid a commensurate level of fe.. It would be intended that the group meet throughout the year and that the subjects covered are appropriate for the forthcoming season or event. MKT have experience of a similar Discussion Group covering arable cropping.

Handling systems for livestock are imperative and a legal requirement for TB testing, but can be very expensive. There has been funding through RDPE for handling systems but even after a grant the cost can still be several thousand pounds. There are local contractors with portable cattle handling units that can be hired. Sheep handling systems can be shared with others and this should be encouraged.

Record Keeping and Statutory Obligations
There are many statutory records that have to be kept for livestock keepers and there are strict time limits for these to be completed. In addition if SPS is being claimed then there are issues of records for Nitrate Vulnerable Zones, spraying etc. There are also requirements within environmental schemes where derogations have to be applied for, if it is necessary to supplementary feed livestock. There are very high financial risks of not correctly complying with these regulations in losses and reclaims of both SFP and stewardship income. The main issue with cattle farmers losing SPS is through losses of ear tags and failing to record deaths.

It is surprising that there are not any training schemes targeted at ensuring compliance with the myriad of record keeping, especially as these are frequently being changed or new regulations brought in. For instance the reporting requirements for movement of sheep, goats, camelids and deer all changed after 1st April 2014, but very few farmers know what this means. It is to become possible to electronically report all movements in a similar way to cattle. Unfortunately it is still a requirement to have a physical piece of paper when the animals are transported.

Animal Transport Qualifications, Trailer Licences and HGV
It has been a requirement since 2009 for anyone transporting livestock over 35 miles that they have to take a test and receive a qualification. Additionally if animals are transported for longer than 8 hours additional qualifications and training are required; these were brought in by the EU under the WATO 2007 (Welfare of Animals in Transit Order). Most colleges do the training and testing for the under 8 hour qualification at a cost of £95 that includes the online exam. If the exam has to be taken again that is an additional £35. Over 8 hour qualifications are much more expensive and require on-vehicle training and testing with livestock. There are different courses and exams in both under and over 8 hours for sheep and cattle, pigs, horses and poultry.

Having the over 8 hour qualification and an HGV licence can be extremely useful in the South East for gaining additional employment income. Many young farmers are able to supplement their incomes by driving and livestock are becoming a specialist section of this work. Gaining an HGV qualification is very expensive and becoming beyond the reach of many individuals. The total cost, not including the time taken, is in excess of £3,000.

It is now compulsory to take a test to tow a trailer over 750 kg gross weight. While many of the young people we interviewed had taken the test it is another large expense that is a necessity when working with livestock and on farms. The cost is over £450 for the training and the test.

The Meat Value Chain and Stepping Up to Market Requirements
Understanding the market and selecting the best breeds of livestock to maximise profits needs to be a priority. The cheapest livestock bought or given for free may not be the most profitable to keep.

There is a demand for locally produced meat that can be sold through the remaining butchers shops and farm shops. But the extra costs, risks and time investment are considerable. The difficulty of accessing these potentially higher value markets is to have sufficient volumes of animals of a consistent type for a large part of the year. Richard and Annabelle Padfield of Renhurst Farm, Mark Cross have been running a butchers shop for 3 days a week and attending local Farmers Markets on one other day. The throughput of this business is relatively small and while they are shortening the supply chain and directly retailing some of their livestock, the work and time involved can be considerable. Richard is doubtful there is any extra

value in “Wealden” meat as a brand, but customers are interested in methods of production and local sourcing.

There are still two small chains of butchers shops in Kent and East Sussex, one J C Rook based in mid and east Kent do source some meat from Farm Assured Kentish farms. The other W J Crouch has shops in towns and villages in the Weald, but only appears to buy through the wholesalers or from Smithfield Market. There are only two local abattoirs, Tottingworth at Broad Oak, Heathfield and Anglo Dutch Meats at Charing near Ashford. Tottingworth have a successful farm shop at their abattoir that is now open 6 days a week and do sell all “local” meat or at least purchased from local markets. Both will buy direct from farms, but do not always pay the best prices for stock that are not of the correct specification for their outlets. Cooperative selling groups have been tried over the years and all have failed, most recently the Southdown Lamb Group.

Often Ashford market is a better outlet for smaller numbers of livestock that may not necessarily be finished, or of a more varied conformation. Draft or cull livestock have a ready outlet at both Hailsham and Ashford live markets. Store sheep and store cattle can be sold through both markets and will achieve prices that are consistent. For many smaller producers it is far more efficient to aim to produce animals for the store market. One of the main drawbacks to this is the infrequent cash flow.

Marketing is not a subject that can be fully taught in the classroom and is an issue that can be helped through mentoring and possibly working with other young people in the same situation.

Pasture Management for Productivity and Natural Resource Management/Biodiversity
Pasture management and biodiversity are very low on the priority list of young entrants in livestock grazing due to the short term nature of most of the tenure agreements with no incentive to improve the land or look at ways of increasing its productivity. Landowners are often interested in creating wild flower meadows, not realising that years of grazing and hay making created these areas naturally. Productivity of Wealden pasture land can be easily improved by raising the pH levels to above 6. Landowners who were farmers understand the importance of keeping this balance, however non farmers do not realise the necessity of this. Some land is cropped for hay every year and this rapidly depletes all nutrients especially if no additional potash and phosphate is added. Just spreading nitrogen to encourage grass growth has the effect of increasing the acidity of already acid soils. Biodiversity is also being lost in the spiral of inadequate grazing and often continuous hay cropping. Productivity for livestock as well as environmental benefits are being lost. The costs of liming are now over £30 per tonne per acre spread and some land will need in excess of 2 tonnes per acre to raise the pH level to maximise grass productivity.

Historically in farming information was passed down from father to son and this was recognised in the old style three generation tenancies where a farming family had the ability and knowledge to farm land in the best possible way and ensure the land was kept in “good heart”. This has sadly been lost in the multitude of short term arrangements that exist today. Even a five year FBT gives little confidence to a tenant to invest capital in the long term productivity of the land.

To achieve our aim of restocking the Weald this has to be a priority and most likely taken forward with landowners’ funds, but with the land user providing the expertise having been trained to do so.

EBLEX has a number of publications on grassland management and pasture improvement that are freely available.

Working with Landowners and Accreditation
This cohort of young entrepreneurs are very reliant on the goodwill of landowners to source land and possibly capital. It is important there is an understanding of the aspirations and needs of the non-farmer landowners, as they may have significant aspirations and ideas that are different to active farmers, such as farming the land organically and creating wild flower meadows (while still expecting the land to be farmed and kept weed free). This is not an easily achievable goal unless the landowner puts in considerable amounts of their own money and any grazier/ land user would be paid to help the owner achieve their aspirations, as a service provider.

Working with landowners should be a separate training module, with a curriculum developed in close collaboration with land agents.

Accreditation of graziers/tenants, which was planned as a pillar of feasibility, was not viewed as a high priority by the landowners we have interviewed. They put greater emphasis on suitability of grazier down to recommendation, experience and personal contacts.

Woodland Management and Additional Income from Timber
There is an intrinsic link between woodland and farming on the Weald and any training will need to incorporate the needs of both. Most of the young people we interviewed had qualifications and interests in timber from tree surgeons to coppicing or selling logs.

The Weald has large areas of poorly managed woodland, with many of the same drivers that drive the reduced productivity and stocking of pasture. There always used to be a link between the farms and the woodland as a source of employment and income from winter wood cutting and making up of fencing materials. Coppicing of sweet chestnut has reduced even though there is renewed interest in using chestnut for fencing. There is a growing market for firewood and chestnut is particularly suitable for modern woodburners. There has been much talk of using timber in biomass schemes (such as the Kent Downs Woodfuel Pathfinder project – Annex 6).

There is an added benefit to better woodland management in terms of greater diversity of plants, wildlife and also as an absorber of carbon. Mechanisation of timber handling can improve efficiency and profitability and there are schemes to help with capital costs of machinery.

5.2 Availability of training to meet needs of prospective Wealden graziers

Mid Kent Training Group (MKT) and Plumpton College have some clear ideas about the way to provide training to this diverse group, and already work closely together. Land Based & Environmental Industries (Lantra) have a Skills Manager computer program and would be prepared to offer this at no or low cost to MKT to assess an individual's skills, training and qualifications. The program provides a suggested itinerary of further training and possible qualifications to bridge the skills gap.

Diane Quested of MKT has experience of training a similar cohort in the arable and crops area. Much of the training in crops has been achieved through Discussion Groups that are held on a seasonal timetable. A similar arrangement could be planned for livestock farming trainees. The

advantage of these groups is that very high calibre instructors can be sourced and the trainees have an opportunity to share their own experiences and learn from them.

Livestock farming is for many an add-on to their regular sources of income, and therefore making time for training – even for compulsory retraining courses to keep up their statutory qualifications such as animal transportation and chain saw – is difficult. As such the training associated with the keeping of livestock may require (1) incentives through both subsidised courses and some attendance allowance; and (2) adapted timing to fit around itinerant livelihoods.

To provide full training via MKT and Plumpton College for an unqualified individual who is already keeping some livestock and has full employment in the Weald area, we envisage a maximum of 240 hours training over three years. This would be a mix of one to one mentoring, group discussions and statutory qualifications. Providing attendance allowances could smooth the way to increase attendance at training sessions. The total cost of such a complete package would be in the region of £7,500 per trainee. However this may be considerably less, especially for partly-qualified individuals; we propose to use the Lantra Skills Manager to assess a small number of candidates to have a better idea of the likely training needs and costs.

It would be important to measure the effectiveness of training in relation to the whole "Restocking" study, this would be relatively easy to achieve by the livestock output achieved following the training. This could be in livestock numbers kept or the amount of meat produced per annum. It could also be assessed by any increase in livestock units per acre or hectare, giving an indication of improvement in pasture management.

5.3 Mentoring as a Training Resource

Agriculture and forestry are industries that have not widely adopted **mentoring** as a useful training resource, with some exceptions such as the Exmoor Mentoring Scheme (Annex 6).

The horticultural sector fares better, and is moving to apprenticeship and mentoring schemes. An example is Plowright Organics in the Mendip Hills where apprentices taken are mentored by the owner Richard Plowright.

Mentoring for the cohort of young people in the Weald could be very effective but only if the mentors were respected successful farmers or advisers. There is a stigma about farming advisors in the sector that goes back many years to the days of the Agricultural Development and Advisory Service ADAS.

The main areas that would be amenable to mentoring would be looking at the existing farming business and advice on the way forward on an individual basis. Marketing and sales are an area that can be very specific to an individual circumstance. In looking at training needs, **business and finance** would be a very early step in ensuring there was a better understanding of costs and potential revenues. Discussing of financial issues with these individuals would have to be provided on a **one to one** basis, to ensure that viable business plans are in place. The other more important issue is an **understanding of the market** and what to produce to achieve the best economic returns under their systems.

There are a number of successful farmers within the Wealden area but they are inevitably very busy and stretched people. Some would be interested in being involved in mentoring, but would have to be adequately remunerated. The links developed with those already farming in the area

may lead to other business arrangements such as mentioned earlier in share farming/profit sharing or as a service provider. This could give a new entrant an opportunity to become established with a lower capital requirement.

The cost of mentoring is estimated at around £1000 per trainee. This comprises one full initial day which with a training assessment (using a standard template) including financial aptitude, plus one half day every two months for a year, which will also record actual implementation of the training package.

Annex 6. Reference initiatives from other Sectors and regions

Kent Downs Woodfuel Pathfinder project, which was started through the Kent Downs AONB, supported by SE-LEP**.** Wealden woodland is, like pasture, a sector where sustainable management should be profitable at a **sector** scale but where market and policy signals at an **individual landowner** scale lead to suboptimal outcomes. There is growth in demand for woodfuel including biomass. The Kent Downs Woodfuel Pathfinder project has, like the ''restocking' proposals presented here, approached this problem using the market, through a combination of aggregation and skills. Contact: Matthew Morris matthew.morris@kentdowns.org.uk 01303 815 171. www.kentdowns.org.uk/uploads/documents/Kent_Downs_Woodfuel_Pathfinder.pdf

Exmoor Hill Farm project mentoring scheme. Aims to provide young or less experienced farmers on Exmoor the chance to gain from the experience and knowledge of other successful farmers in the area. www.exmoorhillfarmproject.org.uk