

Briefing 1159

Impacts of change in upland support

Summary

The trend to larger farms and fewer farm families in the uplands appears to be accelerating. Farmers who still see opportunities for adaptation also see that the retention of public support and a sustained increase in livestock prices were vital. If Pillar 1 of the CAP was phased out altogether as many as 40% of commercial uplands farmers could make plans to leave farming. A landscape of large scale extensive farms would result interspersed with numerous smaller holdings occupied by ex-commercial farmers who remain primarily due to cultural ties; multiple income farmers with limited time for farm management; and lifestyle farmers. Occupancy change is likely to increase the vulnerability of existing habitats.

This paper is taken from the executive summary of *'Economic and environmental impacts of changes in support measures for the English Uplands: An in-depth forward look from the farmer's perspective'*, a report for Defra by a team from the Countryside and Community Research Institute and Food and Environment Research Agency led by Peter Gaskell. The full paper can be accessed at: <http://www.defra.gov.uk/evidence/statistics/foodfarm/enviro/observatory/research/documents/uplands-indepth.pdf>

Irrespective of any changes to support payment, there are already significant changes to the structure of upland agriculture in the pipeline. The long-term trend toward fewer but larger farms is likely to continue with the rate of change likely to increase.

Few upland farms are achieving profits that exceed the total amount of public support payments.

When we asked farmers what they thought the future held for the uplands their overall response was one of resigned pessimism and they focused on the themes of economic decline, and the impact that it was having on the farm community and farm practice. Some felt that a 'tipping point' had already been reached in respect of changes to farming communities and the farming systems that they supported. For others, threats to the farming community and farm systems were apparent but they felt there were opportunities for adaptation to build a more sustainable future. Crucial to the perception of this vision was the retention of public support measures and a sustained increase in livestock prices.

However, for a smaller, third group of interviewees, the continuing loss of farms and farm families from the uplands was seen as presenting opportunities for those remaining farm businesses to expand and develop.

There was a large degree of consensus among farmers that over time, the farmed landscape could be comprised of a relatively small number of large-scale, extensively run farms that would most likely focus on low input/output sheep systems.

The environmental consequences of an extensive sheep only management system could be a reduction in diversity of enclosed land at the landscape scale, accompanied by a reduction in biological diversity and a loss of landscape features. However an improvement in resource protection could be likely with reduced livestock numbers, particularly of cattle. The more productive areas may develop more uniform swards with lower overall biodiversity value and habitats such as hay meadows, which are a product of carefully targeted management, might be lost. On less productive enclosed land species unpalatable to sheep are likely to increase which would tend to drive further extensification and enlargement of holdings.

In the medium term there could be an overall benefit to biodiversity but as these less productive species became dominant overall biodiversity could be reduced.

There was general agreement that most of the better quality land in the uplands would continue to be farmed, but that some of the more marginal and inaccessible land might not be actively managed and therefore become effectively 'abandoned' but this would not be widespread.

The environmental implications of this would depend on the spatial arrangement and type of land, with the potential for a greater variety of habitats to develop. Furthermore, because such land would remain only a part of much larger holdings on which sheep production remained the main focus, there would be no direct incentive for farmers to dispose of it and thus for it to be used for other purposes such as forestry or leisure. Nevertheless, where topography and settlement patterns favour it, this landscape of large scale extensive farms would be interspersed with numerous smaller holdings occupied by three other kinds of occupant: ex-commercial farmers who remain primarily due to cultural ties and are reluctant to give up farming altogether; multiple income farmers with off-farm employment and limited time to devote to farm management; and hobby and lifestyle farmers not reliant on their farms for income, for whom land management is primarily a leisure activity.

Most farmers were aware of the CAP reforms and were concerned that a reduction in public support payments might take place. However, very few reported that they were actively changing their businesses in preparation for such a reduction.

If Pillar 1 of the CAP was phased out altogether as many as 40% of commercial uplands farmers could make plans to leave farming. This is likely to initiate a major period of agricultural restructuring in the uplands:

- Tenant farmers will have particular problems leaving agriculture because they have often not been able to save sufficient funds for their retirement.
- There would be a significant negative effect upon local service providers and the local economy related to farming and on tourism and leisure.
- Occupancy change is likely to increase the vulnerability of existing habitats although it may also offer new opportunities for enhancement of areas which are currently highly degraded due to decades of inappropriate management.
- There is an expectation that, in view of the uncertainties of future market conditions, there will be a growth in informal and insecure tenancies which might encourage inappropriate short-term management.
- The types of adjustment contemplated by those seeking to remain in farming (cost cutting, extensification and simplification of livestock enterprises, non-agricultural sources of income) tend to reduce the time available for farm operations. This has implications for animal welfare and the maintenance of the farmed landscape. A shortage of skilled labour, might become a major factor limiting the delivery of environmental benefits.
- Intensification is likely to be restricted to inbye land. However, it is also likely to be very uneven both within and between farms.
- Without pillar 1 support or profitable livestock enterprises Agri Environment Schemes based on the income-forgone principle may be beyond the financial capability of some farms.
- On some farms, farm practice is becoming increasingly dependent on AES and disconnected from the farm's commercial farming activities. This is particularly the case with the management of moorland habitats. In these instances, it seems likely that active management of such land would not continue if the AES schemes ended.
- It is unlikely that market forces will encourage farmers to continue with mixed livestock farming. On commercial farms, overall, there will be a continuation of the trend from cattle to sheep, which will have generally negative implications for biodiversity with swards either losing diversity or becoming dominated by a limited range of unpalatable species. However, on those farms where AES now exert a significant influence upon the economics of moorland management and thus cattle have been retained radical cuts in pillar 1 support would be sufficient to undermine this influence.

- The trend towards more extensive livestock systems will have a generally positive impact on resource protection and pollution control. However, localised intensification in certain places on inbye land could have detrimental impacts which could negate wider positive trends. It could also be speculated that systems employing less skilled labour could lead to a higher incidence of accidental point-source pollution from a variety of routine farm management tasks, as well as from lower levels of farm animal welfare. In turn, increasingly strong environmental regulation could act in combination with reduced time and resources for management, to push farms towards even more simplified systems.

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