



Landscape Recovery Pilot Scheme: to participate or not to participate?

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Table of Contents

Executive Summary	3
1. Introduction	5
2. Method	6
2.1 <i>Research design</i>	6
2.2 <i>The respondents</i>	6
3. Part A Findings	8
3.1 <i>Current situation</i>	8
3.2 <i>Changes planned/made</i>	10
3.3 <i>Farm decision making influences</i>	13
3.4 <i>Farm business resilience</i>	14
3.5 <i>Feel about the future of farming</i>	15
3.6 <i>Landscape Recovery pilot scheme awareness and participation</i>	15
3.7 <i>Perceived benefits and concerns about LR pilot participation</i>	17
3.8 <i>How the LR scheme can be improved</i>	19
3.9 <i>Conclusions</i>	20
4. PART B: Case Studies	22
<i>Case Study 101</i>	23
<i>Case Study 102</i>	25
<i>Case Study: 103</i>	27
<i>Case Study: 104</i>	29
<i>Case Study 105</i>	31
<i>Case Study 201</i>	34
<i>Case Study 202</i>	37
Acknowledgement	39

EXECUTIVE SUMMARY

Department of Environment, Food and Rural Affairs (DEFRA) are developing and piloting a portfolio of environmental land management schemes. The Landscape Recovery (LR) scheme is one of those currently being piloted. It provides the opportunity for land managers and farmers to adopt a long-term large-scale approach to environmental management of agricultural landscapes. A total of 22 projects were announced to be funded in September 2022. The selected projects are expected to restore nearly 700km of rivers and protect and enhance 263 species across over 40,000 hectares (DEFRA, 2022), largely involving the participation of groups of land managers, farmers and tenanted farmers.

This project aims to collect evidence from participants of the LR pilot and non-participants to inform farmers and growers of how farm businesses are adapting to the changes in policy and what the perceived benefits and barriers are for taking part in the LR pilot. A mixed method approach was taken involving online questionnaire survey and subsequent semi-structured interviews. Two factors limited responses from LR pilot participants, being the majority of projects were still enrolling farmers and DEFRA having an existing interview-based evaluation process built into the project evaluation phase. In this study the final sample included two responses from LR pilot projects and 22 valid responses from non-participants, with seven follow-up interviews conducted. This project provides a snapshot of how some farmers feel about the pilot project, identifies enablers and barriers for LR uptake, and any lessons learnt.

Part A of this report provides the analysis of the online surveys of both potential LR pilot participants and non-participants. It reports the results in relation to all the specific objectives set out for this project. Part B provides six Case Studies documenting the responses from the interviews of LR pilot participants and non-participants self-selected through the online surveys.

Key findings from the survey of participants and non-participants indicates that reductions in BPS will significantly affect farm business performance, and as a result, the majority of farmers had already, or were planning to adopt strategies to remain in farming. The strategies mainly focused on diversification, improving efficiency and seeking revenue streams from environmental schemes. Notably, reducing costs and the adoption of low-input farming systems were prominent resource use efficiency strategies being considered by this sample of respondents.

Maximising financial returns and the resilience of farms remains the highest priority goal for both participant and non-participant farmers although environmental ambitions and values also play an important role in decision making about the adoption of any agri-environmental scheme. Further barriers identified to participation in the LR scheme pilot included the longevity of the scheme, uncertainty around the tax implications and legal requirements of participation, loss of decision-making autonomy and the potential for conflict with other collaborating farmers and land managers. The perceived bureaucratic, high cost and complex nature of participating in the scheme also presented as a barrier to participation. Enablers for LR uptake identified from those farms that did participate in the LR scheme pilot included forward planning, having good governance structure for collaboration, support provided by parties external to the farming business and prior experience with long running environmental schemes.

Potential avenues for improving LR scheme design and uptake includes the provision of timely and detailed feedback on application, more opportunities for in-progress support during the stages of project development, and removal of the fixed deadlines for application submission for a continual open

process. Further to this, reducing the uncertainties around expectations for long-term landscape-scale change and implications of future funding for the scheme in the event of other relevant policy changes, and providing more clarity on value proposition and payment rates could lead to an increase in LR scheme uptake.

For those who applied and succeeded, the reasons for making applications includes:

- a drive to generate income through establishing new environmental markets
- creation of a wider network and belief that “we are stronger together”
- enthusiasm of fellow farmers
- further benefits to be generated to environment and wildlife
- history of participating in environmental schemes
- the lands are already biodiversity rich
- the potential to uplift economic value associated with the landscape to individual farmers

Tips about how to make a successful application includes:

- Be ahead of the game
- Engaging the local council
- Gaining buy-in from local farmers
- Guidance from Natural England and Wildlife Trusts
- Having a dedicated facilitator
- Having all the finance in place
- Put good governance in place (e.g. establishing a PLC to overcome the governance and related issues)
- Substantial involvement of experts from early on
- Track record of reliable partnership

1. INTRODUCTION

Based on the ambitions of the UK Governments 25-year Environment Plan and the aim to achieve Net Zero carbon emissions, the Department of Environment, Food and Rural Affairs (DEFRA) are developing and piloting a portfolio of Environmental Land Management Schemes (ELMS). The Landscape Recovery (LR) scheme is one of those currently being piloted, providing the opportunity for land managers and farmers to adopt a long-term large-scale approach to the environmental management of agricultural landscapes. This scheme also provides the opportunity to deliver a wide variety of environmental and social outcomes through the production of environmental and climate goods, which will make important contributions to national targets (DEFRA, 2022¹).

The first round of LR pilot projects focused on 2 themes:

- Recovering and restoring England’s threatened native species. Projects under this theme could recover priority habitats, improve habitat quality, and increase species abundance.
- Restoring England’s streams and rivers: improving water quality, biodiversity and adapting to climate change – these projects could restore rivers to a more natural state, reduce nutrient pollution, benefit aquatic species, and improve resilience to climate change (for example by reducing flood risk).

In September 2022, a total of 22 projects were announced to be funded, and are expected to restore nearly 700km of rivers and protect and enhance 263 species across over 40,000 hectares (DEFRA, 2022). The selected projects largely involve the participation of groups of land managers, farmers and tenanted farmers.

This project aims to collect evidence from participants of LR pilot and non-participants to inform farmers and growers of how farm businesses are adapting to the changes in policy. Specific objectives are:

- What are the key factors LR participants have taken into consideration in their planning that others can learn from?
- What are the expected costs and benefits?
- Is there a difference in attitude between the more progressive farmers/growers and others?
- What are the farmers attitudes towards collaborating on environmental issues?
- How do farmers feel LR could be improved?
- What are the barriers to participating in LR?
- How is the collaborative partnership managed?

The report of findings from this project are documented in two parts. **Part A** provides the analysis of the online surveys of both potential LR pilot participants and non-participants. It reports the results in relation to all the specific objectives set out for this project. **Part B** provides six Case Studies documenting the responses from the interviews of LR pilot participants and non-participants self-selected through the online surveys.

¹ [Landscape Recovery: more information on how the scheme will work - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/landscape-recovery-more-information-on-how-the-scheme-will-work)

2. METHOD

2.1 Research design

This project adopted a mixed-method approach to data collection comprising, 1) a preliminary online survey to both non-participants and potential participants of the LR pilot projects, and 2) one-to-one semi structured interviews with self-volunteered respondents. The survey link to non-participants was circulated via AHDB contacts, NFU, ADAS, the Farming Forum and some local farmers groups. The survey link to potential participants was intended to be circulated through the project leaders of the 22 projects announced on 2nd September 2022 (DEFRA, 2022²). Twenty out of the 22 project leaders were contacted by phone or email if a phone call was not possible. Discussions with the project leaders and subsequent discussion with the DEFRA LR project team suggested some concerns raised by the project leaders for two reasons: 1) the majority of the projects were still in the process of enrolling farmers as of December 2022 (DEFRA, 2022b³); and 2) DEFRA had an evaluation process built into the project development phase (first 2 years) which involved interviews with project leaders and online evaluations (DEFRA, 2022c⁴). This resulted in a very low response to the survey from LR pilot participants.

The final sample included two responses from LR pilot projects and 22 valid responses from non-participants. Of the 24 valid responses, seven follow-up semi-structured interviews were conducted (including one with an LR pilot participant and six non-participants). All interviews were conducted either on Zoom, TEAMS or via phone. All interviews were recorded and fully transcribed.

Such as small sample size was not intended to capture a representative view of all English farmers. The project was set out to provide some snapshots of how farmers feel about the pilot project, what the enablers and barriers might be for the uptake of LR project in the future and what lessons could be shared. This report is timely as DEFRA has opened the 2nd round of LR funding applications (DEFRA, 2023⁵)

2.2 The respondents

To avoid identification, the profile of respondents does not distinguish participants from non-participants as shown in Figure 1. The mean age was 54 years old and the mode age group was 60-69. The majority were farm owners and four were farm managers. Half of the respondents hold a Bachelor's degree. Half of the respondents (n=12) indicated being a member of a farm group with all engaging with national organisations such as FWAG or a Wildlife Trust. Nine were a member of a farmers' cooperative.

² DEFRA (2022), [Projects of Landscape Recovery scheme announced](#)

³ DEFRA (2022b), [An update on the first round of Landscape Recovery projects](#)

⁴ DEFRA (2022c), [Landscape Recovery: more information on how the scheme will work](#)

⁵ DEFRA (2023), [Apply for Landscape Recovery funding to protect native species and improve rivers](#)

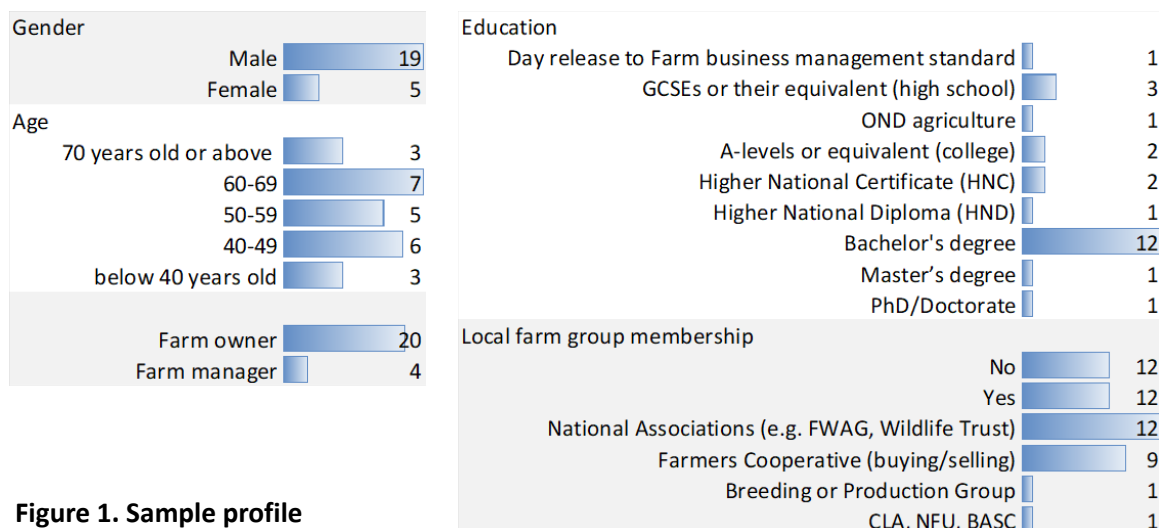


Figure 1. Sample profile

Figure 2 presents the farm profile in terms of location, farm size, land type and land ownership. Aside from four unspecified locations, the remaining 21 farms were located in 13 English counties. Farm sizes were evenly distributed from less than 100 ha to more than 2000 ha, with the mean size being 527 ha (minimum = 8.4 ha and maximum = 2600). Eleven farms were fully owned and two were fully tenanted. Ten farms were partly owned and partly tenanted. Of the tenanted farms, seven were in a Farm Business Tenancy and six held a 1986 Act Tenancy.

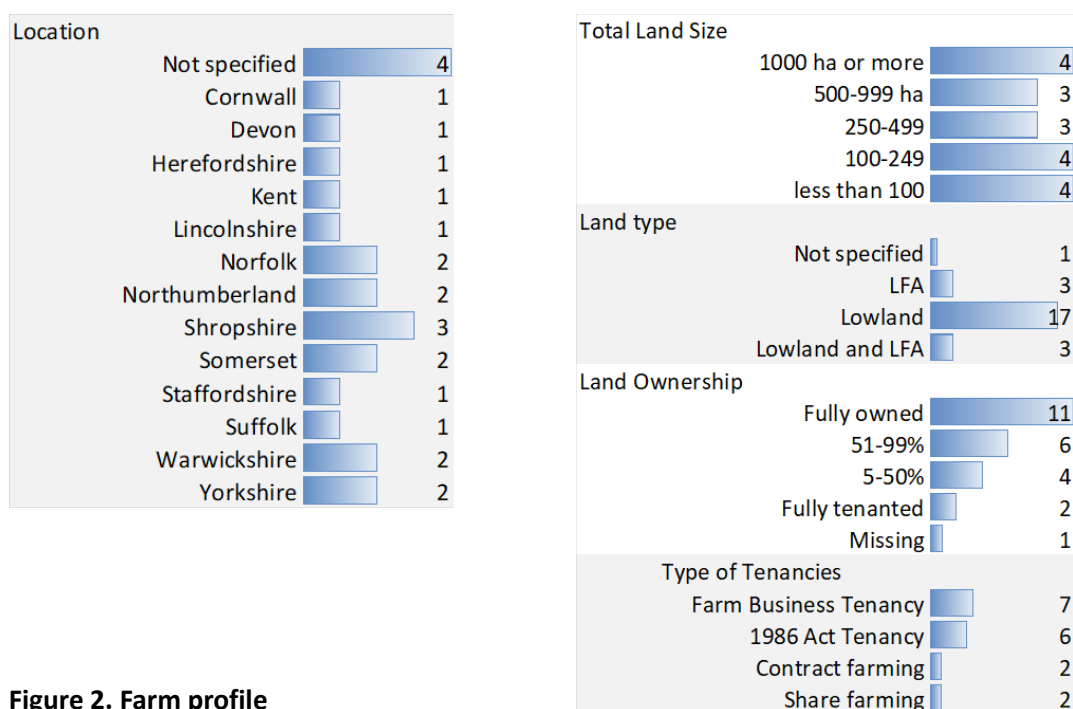


Figure 2. Farm profile

Of the 24 farms, 17 are in a lowland area only and three are in a Less Favoured Area (LFA) only, and three are in both lowland and LFA. Half of the farms consisted of livestock enterprises, five were arable only and six were mixed farms. One was not in food production but had woodland and grass. Details of the farming sectors are presented in Figure 3.

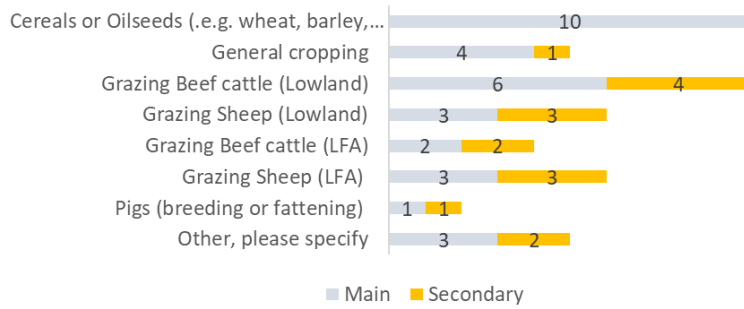


Figure 3: Farming sector of the sample

Ten farms indicated that cereal farming was their main farming business whilst ten farms produced beef cattle, with six of these listing beef cattle as their main farming business.

3. PART A FINDINGS

3.1 Current situation

Participation in existing environmental schemes

Of the two LR pilot participants, one was engaged with the higher tier Countryside Stewardship Scheme, and the other in Higher Level Environmental Stewardship (HLS) and SFI Arable and Soil Standards. Fourteen out of the 22 non LR-Participants took part in other environmental schemes. In total, there were six adopters of mid-tier Countryside Stewardship (CS) and six adopters of HLS (Figure 4).



Figure 4. Participation in existing environmental schemes

Perceived impact of BPS reduction

All but one respondent have been recipients of Basic Payments (BPS) ranging from £9,000 to £89,000 (as of December 2022). When asked about the impact of the reduction of BPS on their farm business, more than half of the participants strongly agreed or agreed that “We would struggle with the decrease/loss of the payments” (n=15), and “We cannot replace the loss of income from the same land” (n=14) with the mean score of 5.5/7 and 5.38/7 respectively (Figure 5 and 6).

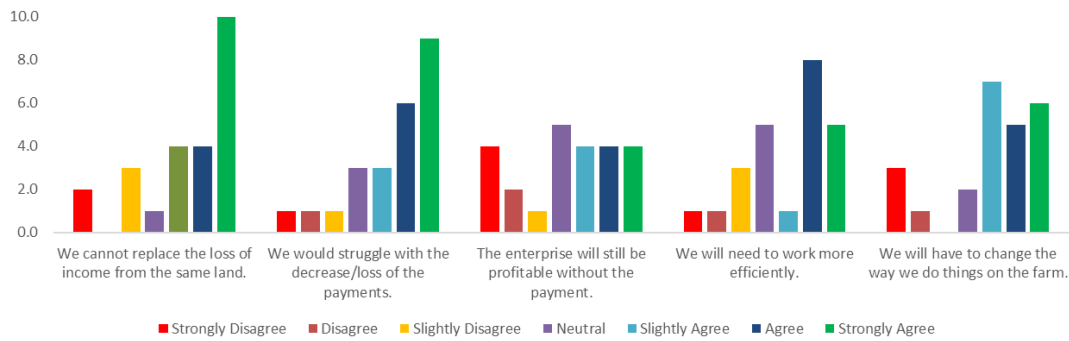


Figure 5. Impact of BPS reduction on farm business

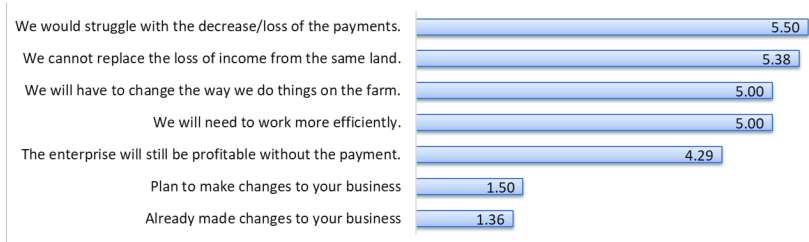


Figure 6. Mean score of perceived impact of BPS reduction on farm business

Of the seven participants who were further interviewed, one respondent never received BPS or any other forms of grant. They shared their experience of self-financing and planting trees, which they find more rewarding. R106 voiced their opinion that the idea of receiving money for doing what they consider their duty as farmers is "obscene".

For the majority of the respondents, their farm business heavily relied on the BPS payment for profitability. Some expressed concern that it may not be possible to recoup the lost income through increased efficiencies alone as expressed by R102:

Very substantially [affected by the reduction of BPS]. In essence, this is a hill farm. It's on the margins between lowland, the Disadvantaged Area and the SDA. We've got land of all three categories in the farm, but it's steep, and it's elevated, and it's rough. Profitability depends both on livestock sales and on government support in one form or another, which is BPS and Stewardship at the moment. (R102)

Another farmer mentioned that the upland cattle enterprise is not currently profitable but is maintained due to environmental payments and BPS. Losing BPS would make it difficult to continue this enterprise.

The cattle enterprise is not profitable but has very significant environmental benefits.... If that BPS goes, then we won't be able to afford to keep our native breed cattle in the uplands. (R103)

One farm owner suggested that without BPS, they may have to go out of farming altogether.

Effectively, it's a £70,000 a year. To lose BPS completely without anything else, it's a hole, we'll survive without it. On the estate there are other businesses. But it means we've got to find money from elsewhere. Out of one pot, it'll be fine. However, if we're just looking at farming, it wouldn't [survive]. (R105)

Other interviewees were more optimistic about not relying on the BPS because they had off-farm earnings and was hoping to increase income from environmental services as shown in the quote from R104.

My resilience comes from the fact that I have worked away from farming, so I have a pension scheme for example, which wouldn't have been the case if I'd been farming and I have other interests outside of the farm, which provides me with an income. (R104).

One respondent expressed frustration with the fact that imported food is sold cheaper than food produced locally and admitted to not understanding how it works financially or environmentally. They also found it nonsensical that people are not buying more British lamb and instead importing it from New Zealand. However, they acknowledged that importing and exporting is necessary for the economy, despite the frustration it may cause.

Most interviewees acknowledged that changes will need to be made to their farming to remain profitable without BPS. This corresponds with the survey results where 18 participants agreed that they will have to change how things are done on the farm. Ten indicated that they have planned to make changes and fourteen participants have already made changes.

3.2 Changes planned/made

The changes fall into three main categories: 1) diversification of income streams, 2) improving efficiency and 3) entering into or increasing environmental schemes. Figure 8 shows the three categories of changes planned by the respondents to reduce the impact of a diminishing BPS income on their farm enterprise.

Diversification includes plans to diversify the business and explore new revenue streams. These actions include installing more photovoltaic (PV) panels, generating more income from events or camping operations, and seeking off-farm employment opportunities.

Respondents indicating that they would join environmental schemes mentioned plans to participate in environmental programs and provide environmental services. These actions include increasing the level of Countryside Stewardship (CS) participation, exploring options for the new Environmental Land Management Scheme (ELMS), and increasing the number of trees and hedges on the property.

Very often, diversifications and taking up environmental schemes were considered in tandem as shown in the quote below:

We have set up a diversified business which isn't going to bring us in huge amounts of money, but it's another income stream. We have started doing some contracting work for other farms, so that's another income stream that we didn't have before. Obviously, we're hoping that ELMS will bring us a reasonable amount of income and there's also a certain amount of hope at the moment that things will work out in the right way. (R101).

Efficiency improvement involves six actions planned to optimise the use of resources and increase productivity. These actions include using improved performance of livestock enterprises, implementing low-input farming practices, reducing costs, keeping fewer livestock, reducing overheads, and cutting staffing levels. Respondent R105 explained what this means:

It's basically cutting costs where possible, so trying to reduce the overheads as much as possible and to bring in things like rare breeds or animals that will perform better without having to supplement them with external or extra things from off the farm. Trying to make the farm work as an efficient ecosystem without having to increase the cost. That is a lower sales price for the product, but you have your cost of production is significantly lower so your margin would still be the same if not better.

There are various ways that we can make it more efficient. I don't want to be paid to farm. Ideally, I don't mind being paid for looking after the environment because I think that is a work in itself that should be recognised, but I don't particularly want to be paid to produce food. I don't think that's the best way the systems work, personally. (R105)

The information provided in Figure 7 shows the three categories of changes already made by the respondents.

Diversification (n=3)	Efficiency improvement (n=6)	Environmental schemes (n=3)
<ul style="list-style-type: none"> • More PV • More events income • Get a job • More camping 	<ul style="list-style-type: none"> • Better performing animals • Change to low input farming • Cutting costs • Keep less livestock • Reducing overheads • Reduce staffing 	<ul style="list-style-type: none"> • Increase the CS • Look for a sensible ELMS • More trees, hedges

Figure 7. Changes planned

"Diversification" were actions taken to diversify the business and explore new revenue streams. These actions include opening new campsites (five respondents), investing in a biomass burner, engaging in carbon sequestration and carbon trading, installing photovoltaic (PV) panels, starting a haulage company, generating off-farm income, and selling beef boxes.

"Efficiency improvement" were actions taken to optimise the use of resources and increase productivity. These actions include improving the use of grassland, implementing more rotational grazing, changing enterprises, using low-input methods or reduced fertiliser use, reducing sheep numbers, using fewer and more efficient tractors, investing in new infrastructure for overwintering, and exploring new approaches to farming.

"Environmental schemes" include entering into a CS (Countryside Stewardship) scheme, increasing the level of CS, and providing environmental services.

Figure 8 shows the changes already made. The activities were similar to the plans made, but with a much wider range.

Diversification (n=8)	Efficiency improvement (n=10)	Environmental schemes (n=3)
<ul style="list-style-type: none"> • Campsites • Biomass burner • Carbon sequestration • Carbon market • PV • Haulage company • Off farm income • Started selling beef boxes 	<ul style="list-style-type: none"> • Better use of grassland, more rotational grazing • Changed enterprises • Changed to low input (no or Reduced fertiliser) • Cut sheep numbers • Fewer but more efficient tractors • Greater stocking rate and increased efficiency • Investment in new shed/ yard for overwintering • New approaches • Reduced COP 	<ul style="list-style-type: none"> • Entered into CS scheme. • Increased the CS • Environmental services

Figure 8. Changes already made

When asked if they had ever taken part in any form of farm business diversification, all farmers indicated that they have taken one or more forms of diversification previously. Figure 9 summarises different examples of diversification activities undertaken, including contracting work, conversion of farm buildings, renewable energy projects, events and educational activities, tourism and recreational businesses, renting ground/buildings, retail and/or hospitality, carbon sequestration, specialisation, growing Christmas trees/firewood, horse livery, working in another sector, and using renewable energy to reduce costs. The most common strategies were contracting work and conversion of farm buildings.

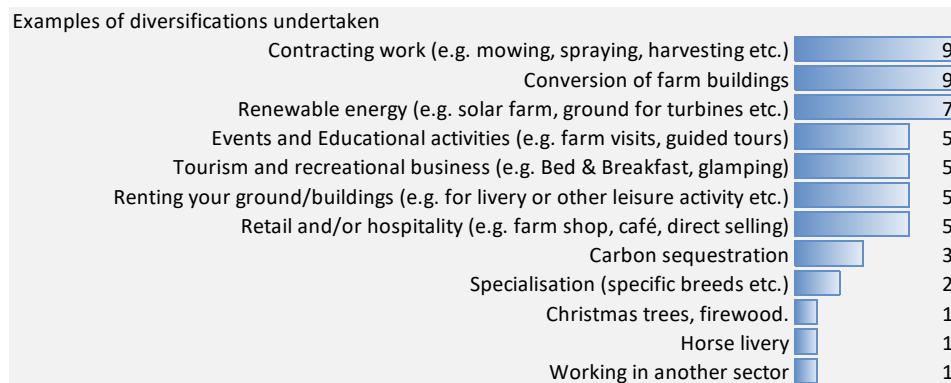


Figure 9. Diversification activities undertaken

The in-depth interviews provided more insights into the subject of diversification of income sources. Some respondents acknowledged that bringing in cash through these ventures also brings challenges. They expressed concern about the saturation of market such as glamping and the income foregone from agricultural land displaced by solar panels and carbon sequestration projects as shown in the statement by R201:

Diversification is great and it's even better if you don't have to directly engage with the general public, which we do with regards to a lot of the diversification that we've done. We've done a holiday cottage quite recently, and we've been looking at Glamping and that sort of thing. I'm very nervous about certain aspects of that because I think the market is becoming quite saturated.
(R201)

However, implementing changes goes with challenges such as the need to invest, access to funding and restrictions as tenants. This is well explained by R101:

We do need to make extra investment to implement the changes, but that's really hard for us being tenants. To make the changes we need to make, we would have to invest but then we're trying to balance that with the security of the tenancy. We've got different tenancies, we've got a number of different tenancies. For example, one on the biggest holding we've got has three and a half years left to run. We want to make some investment because we want to make some changes but we're not willing to make it with only three and a half years left on the tenancy.

We haven't got the amount of income that we'd need just to fund it ourselves. We have tried in the past securing some private investment, but again that was a significant issue with our landlord.
(R101).

Another barrier to diversify is the time pressure put on their family.

One of the other things we were doing was that we were contracting for other farms. That puts a huge time pressure on us. We've still got the same number of people, so we don't have any staff, it's just family. If we've always been working on the farm and if we take people out to go and work

elsewhere that has an impact that at the moment we're not really costing. Yes, so there are a reasonable number of barriers. (R101)

3.3 Farm decision making influences

The most important decision influencer was respondents' own capability, followed by family members and need for compliance for grants/payments. Agricultural advisers and organisations of their interests had moderate influence, while peer farmers, consultant/agents, and friends had relatively low influence (Figure 10).

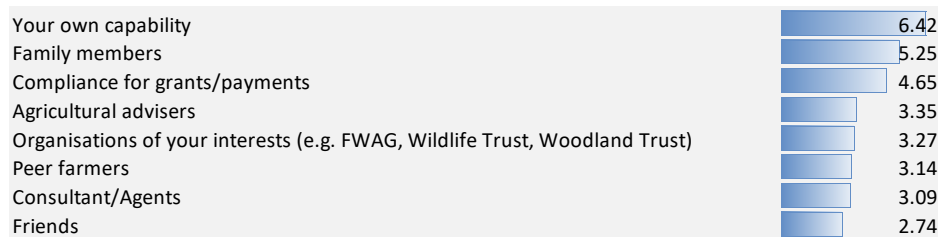


Figure 10. Farm decision influences

With regarding to the goals and values held by the respondents (Figure 11), it is not surprising to see that the most important goal was to maximise the financial return of the farm enterprise, followed by ensuring ecological sustainability for future generations and enhancing the local landscape for wildlife and biodiversity. Enhancing the resilience of the farm to climate change, being seen as a good farmer, maximising food production were also important goals, while enhancing the resilience of the whole farming sector in England and delivering public goods through environmental management in the farming sector as a whole were less important.

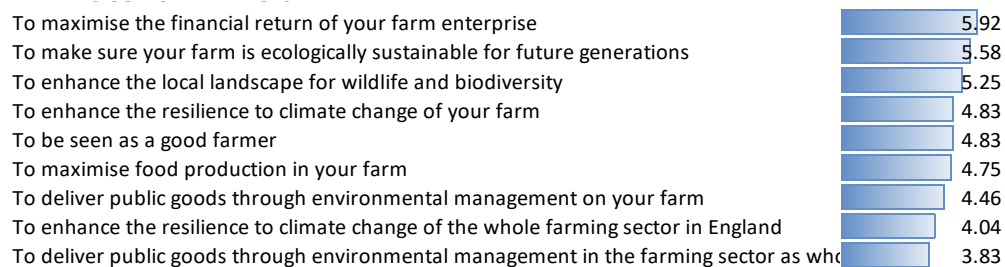


Figure 11. Farming goals and values

Further interview discussions supported the top two listed goals as respondents explained how important it is to build a healthy and sustainable farm business in the long term as explained by R105.

Is there a point in maximising food production on a farm for the next 10 years, if in the following 10 years, you will have degraded the soil so badly, that you have no food production? That's not maximising public good, or environmental management, or food production, it's not going to be doing either. It's a short-term gain, for a long-term loss. It needs to be sustainable, which needs to be everything that we need. (R105)

The concept of "good farmer" was also explored with the interviewees. R106 showed a holistic view of land stewardship whilst staying economically resilient.

"He looks after everything, soil is the most important. That's where it started, so diversity. With so many birds and then here we have something flowering every month of the year. We have bees as

well. ...It's the whole system in its own. Everything reintegrated with itself. Nothing in isolation, nothing's ever in isolation. Everything works together." R106

This farmer is an example how intrinsic values influence their decision making in managing their farm business and environmental services.

3.4 Farm business resilience

Respondents indicated moderate level of resilience overall with a mean score of 4.9 out of 7 (Figure 12). Farm's capacity to adapt to changes and its capacity to withstand climate shock and stress scored the highest. Economic resilience factors such as resource use efficiency, profitability, and its capacity to withstand non-climate shocks were rated lower.

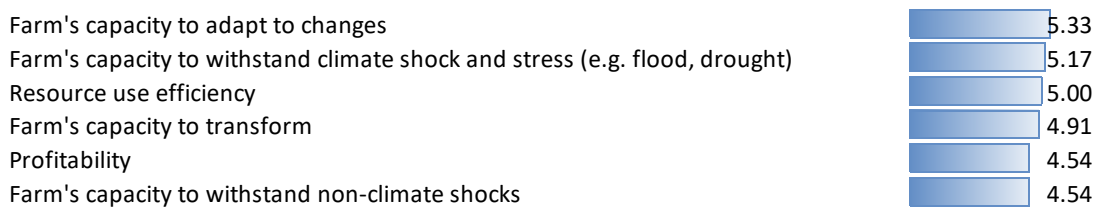


Figure 12. Factors of farm business resilience

Several respondents provided more details about how their farms climate resilience has been managed/existed.

R106 suggested that their agroforestry system has helped the farm to build a micro-climate as well as enhancing soil drainage.

We are actually changing climate because we're putting rows of trees in the fields. We are actually cooling the land. We've got the alleys of grass with the trees in between. On a hot summer day, the heat of the sun in the middle of the alleys of grass, it rises and it draws the cooler air from under the trees that shade the air. You are in fact, cooling the landscape.

The other thing is planting rows of trees the way we have done, we're completely revolutionising the way we drain the land. There's no compaction by animals or tractors in those rows. If we get heavy rain, the actual drainage, they become in effect linear drains in the field.

R104 suggested that the resilience comes from the topography of their farm land.

Excess rainfall is probably not a lot I can do about it but I do have a river at the bottom and the water runs down and disappears off. We suffered very little during the drought this summer because we're quite high up. Our house is at 900 feet, so we get dews in the evening and also quite a lot of my land is known as the marsh field, so even in very wet conditions it holds moisture. ... We feel relatively comfortable. (R104)

Another respondent indicated that their climate resilience was developed through investment in infrastructure over the last decade and crop diversity:

In terms of heat and drought resilience, I think this last year has demonstrated that because we've invested heavily in water, two reservoirs and underground irrigation made over the last 10 years.

The element of security in terms of being able to continue to water the higher value crops and equally because we have a quite a spread of cropping. We try to not put all of our eggs in one basket. We've reduced our dependency on cereals alone. I'm relatively as comfortable as I can be with regards to those aspects at this present point in time. (R201)

Resource use efficiency was also rated above average by most respondents. This was achieved through efficient farming system, using renewable energy, reducing inputs or recycling.

We're all on springs, so there's no impact on water. The sheep require very, they never get housed, and they'll get fed. They require very little machinery to look after them. I mean we do have our own onsite generated electricity through the hydro. So yes, we're fairly resilient that way. R103

We are trying to do things like recycle stuff in the business, so we are doing composting. and then we're using that stuff back on the farmland. ... we're trying to reduce any inputs that we're buying in or anything. As much as we can. (R105)

As regarding the farm profitability, one rated themselves excellent and credited that to their effective farm management:

All of that is done with the highest financial acumen in terms of monitoring the costs, and ensuring that everything generates a positive margin. That's why I scored it excellent. (R201)

Another respondent (R101) was not so sure and commented that *"profitability is an issue because we know that the two agricultural income streams that we have are not profitable in their own right. We know that's an issue"*.

Another dimension of resilience is farm succession. This was raised as a concern by R106: *"The problem is with farming, I said I've no family in farming. The problem is there's no new blood coming in, that's what's holding farming up in Britain."*

3.5 Feel about the future of farming

Regarding the feeling about the future of farming in England, one farmer believed that the reduction in direct support payments will lead to more innovation in the industry, and that the future of farming in Britain is exciting. However, politicians are seen as a hindrance to progress. There is optimism around the continuing demand for food due to the increasing global population, and new technologies like solar panels and anaerobic digestion plants are seen as key to increasing fuel production and tapping into new markets for environmental services. However, the pace of technological innovation is seen as too slow, and there is a need for faster implementation to keep up with the demands of the industry.

3.6 Landscape Recovery pilot scheme awareness and participation

Of the 24 valid responses, two were members of approved LR pilot projects and 22 were non-participants. Of the 22 non-participants, one was not aware of the scheme, 15 were aware of the scheme but made a conscious decision not to apply, five would like to participate but could not join any collaborative groups, and one applied but their application was not approved.

A. Reasons for non-participation

Further interviews with the non-participants provided greater insights into the reasons for non-participation:

The majority were aware of the scheme but decided not to apply. The reasons shared by the interviewees included some cross-cutting issues such as:

- 20+ years required to participate in the project was seen as restrictive.
- Being a tenant can be a barrier as a short-term tenancy is against the long-term commitment to be made for LR projects
- The scheme design was seen as very bureaucratic.

- Liability of working with other farmers to deliver long-term results was seen as a risk
- Uncertainties around the scheme
- Time spent on making applications may be lost if application was not successful
- LR not suitable for the farm

R104 provided more insights into why the above issues can be a barrier:

If I put my land into a scheme for which I'm paid and one of the other members of that scheme cocks up, how liable, am I? I'm not going to take the risk. I'm not going to lock up my land for 30 years, I can't commit my land to somebody else's performance. The same way, I don't expect anybody else to commit their land to my performance, to be honest. Secondly, I may want to sell it, my kids may want to sell it. Is that effectively a covenant?

R103 showed some interests but decided that the LR was not for their farm. The first reason given was that their land would not provide the necessary environmental benefits and would not be good value for money for both them and the public purse. Examples provided to them made them believe that they would have to practice low-density grazing, which was not suitable for their farm land. Another reason mentioned was the difficulty of implementing a payment by results scheme or any similar scheme. The complexity of measuring and demonstrating landscape-scale change makes it challenging to enter into such a scheme.

- 1) Interested but was not eligible to apply. One respondent felt frustrated as they thought their farm would suit the scheme very well but was told otherwise. They explained:

In that we got we're an ideal candidate for landscape recovery in that we're a single block of land of 2,000 hectares. So you'd have thought we would be ideal for it. We were an early adopter of upland countryside stewardship. ... We entered stewardship in 99 for the uplands. That was 10-year agreement finished. We then went into HLS. ... Paid attention to landscape recovery as it emerged. Went into the seminars and then were told that we were not a suitable site because we had too much farming. Then the documentation that was produced had a number of examples of schemes that would succeed, and the one that was most similar to our site, involved planting all the non-blanket bog trees and going to extremely low-density grazing of the blanket bog with sheep, which basically was a rewilding project, and wouldn't have worked for us. (R103)

- 2) Applied but rejected: Whilst the majority did not apply, one of them actually applied but their application was rejected. This farm owner was the application lead who had got 30 farmers signed up. They described the effort and cost involved in making the application which involved input from multiple people and experts, including a professor, ecologist, and financial markets specialist. The application process took about four weeks and costed around £50,000. This reject provides evidence of concerns raised by R102 who commented how time commitment required for making applications can be a deterrent:

"In essence, the reason for participating in a pilot scheme would have to be: We had a reasonable prospect of justifying a very large amount of work, which would've had to go into it because for us to participate would've been a scheme to pick up a large-ish number of farmers, probably farmers and landowners in a river catchment, which would've been our river catchment, and it would've been probably at least 10, more likely, 20 or so people. All of which is inevitably a great deal of work." (R102)

B. Reasons for participation and lessons learned

For those who applied and succeeded, the reasons for making applications included:

- a drive to generate income through establishing new environmental markets
- creation of a wider network and belief that “we are stronger together”
- enthusiasm of fellow farmers
- further benefits to be generated to environment and wildlife
- history of participating in environmental schemes
- the lands are already biodiversity rich
- the potential to uplift economic value associated with the landscape to individual farmers

One of the participants provided some further tips about how to make a successful application:

“We were miles ahead because we'd already established the cluster group... We had buy-in from a number of people. We've got our cluster leaders. Equally, we were very fortunate we had a facilitator in place. That's the key thing, is make sure you establish a good group. I would imagine starting cold is quite difficult.

The other group - it's very easy for them because they're an NGO, they've got all the finance in place. They even managed to co-opt one of their members of staff from one of their other departments into the project, so it was pretty easy process for that.” (R201)

In summary the insights shared about making successful applications include:

- Being ahead of the game
- Engaging the local council
- Gaining buy-in from local farmers
- Guidance from Natural England and Wildlife Trusts
- Having a dedicated facilitator
- Having all the finance in place
- Put good governance in place (e.g. establishing a PLC to overcome the governance and related issues)
- Substantial involvement of experts from early on
- Track record of reliable partnership

3.7 Perceived benefits and concerns about LR pilot participation

As for the perceived benefits of taking part in the LR pilot, the two participants were naturally much more positive (mean = 5.4) than the non-participants (mean score = 3.4). As shown in Figure 13 below, participants generally had higher scores compared to non-participants for all potential benefits. The potential benefit with the highest scores from participants was the long-term benefit to the farm, while the potential benefit with the lowest scores from both groups was the increase in sense of belonging to the local community. For the two LR pilot participants, the most important reason for participation was “we are stronger together” and “wildlife enhancement” respectively.

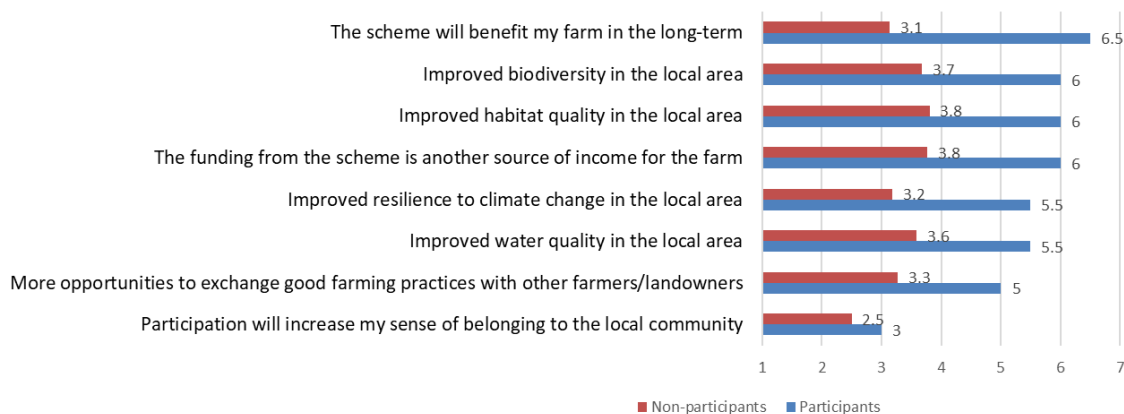


Figure 13. Perceived benefits about LR pilot participation

Unsurprisingly, when it comes to the concerns for taking part in the LR pilot, non-participants showed stronger concerns (mean = 5.7) than participants (mean = 4.5) (Figure 14). Of the 12 potential concerns, the top five most agreed factors were uncertainty about the allocation of funding, loss of farm’s autonomy, potential policy changes during the period of the scheme contract, challenges of securing other funding sources and how the project will be monitored. How the rules will be enforced, level of investment expected from individual farms, effectiveness of collaborative responsibility for the implementation of LR projects were the next level of concerns to both groups. Potential conflicts amongst project members, individual farm’s capacity to implement the changes required, short-term tenancy as a barrier to long-term project participation and restrictions from land owner(s) were the least concerns for participants whilst the non-participants rated them much more highly as concerns or potential barriers for taking part in LR pilot.

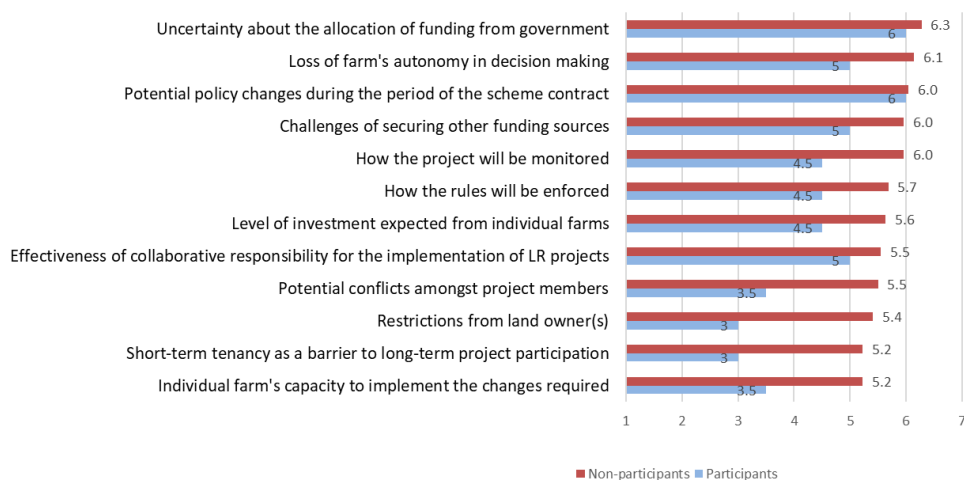


Figure 14. Concerns about LR pilot participation

Table 1 provides more direct quotes about the concerns raised by non-participants for the LR pilot. Some non-participants expressed reluctance to participate in rewilding-focused projects that involve tree planting and potential removal of food production. Others expressed concerns about collaborating with neighbouring farmers, funding rates not being attractive, lack of clarity about rules and tax implications, project not driving real change, project requiring long-term commitment of land, and restrictions from

landowners. Some non-participants also felt that the scheme design benefits big farms and restricts smaller farms from participating.

Table 1. Exemplary quotes of concerns about LR pilot participation

Areas of concerns	Direct quotes from non-participants
Perception that the scheme is about rewilding only	I would like to go into LNR but not if it is about rewilding only. Having attended the seminars and seen the upland example which was all about tree planting, removal of livestock and nothing else it was clear our farming business could not continue if we went into LNR as advertised.
Concerns about collaborative work	Getting neighbouring farmers to work together, seeing and sharing the same vision.
Funding rates not attractive	Funding rates don't stack up for me to make changes.
Lack of clarity about rules	Tax implications Will the payments be considered as trading income? Will we be designated an SAC/SPA and not be allowed to release pheasants? The lack of clarity over payment rates will put people off
Not driving real change	Farmers I know who are progressing with it are doing the actions anyway, so it's not actively driving change.
Not wanting long-term commitment	Not wanting to commit land for too long a period.
Restrictions from landowners	Landlords not allowing participation
Scheme benefits big farms	The hectareage required to be able to sign up to the scheme is too great. In my part of the country the average farm size is 150 acres, you would need a lot of farmers to agree in order to get the required area. In parts of the country where the farms are larger it might not be an issue, but I can see the money being swallowed up by the big boys, and the small family farms will once again miss out. The scheme design effectively restricts it to very large (and rich) landowners. It is aligned to new initiatives with high PR potential rather than reallocating funds to enhance good practice across farms which have demonstrated commitment to improving landscape and ecology.

3.8 How the LR scheme can be improved

Discussions with the respondent whose application was not approved suggested they would like to receive **timely feedback** as lots of time and work had been put into making the application. The lack of feedback makes it difficult for them to know how to improve their applications for the next round of funding. There is also frustration with the current deadline system and a suggestion that there should be an open window for applicants to submit proposals with **no fixed deadline**. Additionally, they propose that Defra should be available for consultation to provide **more guidance and clarity** on what they are looking for in proposals.

The successful applicant discussed their concerns about the uncertainty regarding how they can demonstrate long-term landscape-scale change and how some farms may revert back to food production. There was also concerns for further sources of funding. Additionally, there are potential policy changes related to food prices and food security that could impact the scheme's viability. They pointed out that policy changes have had a significant impact on businesses in the past and suggests that **long-term security and surety are needed** to enable businesses to commit to the scheme. One of the challenges faced by the participant was to get the farmers to sign up because *“we have not been able to give anybody any idea of what it's worth”* (R201). To improve the scheme, there needs to be a **clear direction** and **value proposition** communicated to businesses, as well as a **focus on long-term funding** and **clarity on the payment rates**.

3.9 Conclusions

The 24 valid responses covered a diverse range of farms from England. The sample reasonably reflected different geographical areas across England with a good cross-sectional representation of different farm scales and types. Across the majority of respondents, the reduction of BPS will significantly impact on their farming businesses. Some even believed that without funding, their food production business may go completely.

There is broad acknowledgement that changes will need to be made. Over half of the respondents had already made changes to their farming businesses, and the remainder were planning to make changes.

Similar to prior studies (Purewal et al 2022⁶) farmers are indicating their strategies to cope with reduced PBS payments involves changing farming systems such as reducing inputs, further diversification and seeking revenue streams from environmental services such planting more trees, improving efficiency and further reducing cost of production and overheads. The types of diversification are consistent with the prior studies, but in this study, reducing costs and adoption of low-input farming systems feature more commonly as strategies being considered to improve resource-use efficiency, in addition to improving animal genotypes and phenotypic performance. Some tenant also mentioned the possibility of renegotiating rentals with their landlords.

Various sources of advice and guidance were used, including DEFRA-funded workshops, Natural England, Soil Association, the Forestry Commission, FWAG, NFFN, land agents, agricultural and environmental consultants, farmer networks, national parks, and national associations like NBA, GWCT, CLA, NFU, and BASC. Additionally, they rely on private ecologists, financial market advisors, universities, and environmentally focused NGOs and partnerships and own independent research.

Overall, farmers indicated that maximising the financial return of the farm enterprise remained the highest priority goal. The desire to remain sustainable for future generations and enhance the local landscape for wildlife and biodiversity followed closely. It does highlight that financial viability and farm business resilience are still key drivers of decision making in the adoption of any agri-environmental scheme.

⁶ Purewal, A. K., Huang, I., Behrendt, K. and Baker, S. (2022) [Assessing the impact of the Sustainable Farming Incentive on farm businesses](#), HORIZON, AHDB Market Intelligence April 2022

Farmers' reluctance to participate in the LR pilot is driven by various concerns, obstacles, and practical issues. These include doubts about the scheme's efficacy, potential consequences for farm operations, tenancy limitations or landlord constraints, concerns about shared responsibility and potential disputes among project participants and the potential loss of decision-making autonomy. Uncertainties related to long-term commitment requirements, policy changes during the contract period, the perceived bureaucratic nature of the application process and the notion that the program favours large landowners present challenges. Additional barriers include the scale and scope of multiple schemes farmers have to grapple with and the complexities of eligibility requirements of different schemes. Other practical issues such as scepticism about project monitoring and rule enforcement and exposure to inheritance tax as well as uncertainty about market for environmental services, further deter engagement in the LR pilot.

Recommendations for improvement from unsuccessful applicants include simplifying the application process, minimizing changes to guidance and rules, offering open applications without deadlines, and providing timely feedback on unsuccessful applications.

LR participants perceive various benefits from participation, including opportunities for peer-to-peer learning of good farming practices, enhanced habitat and water quality, improved biodiversity, and increased resilience to climate change. The reasons for applying to the program encompass a commitment to achieving green outcomes, the creation of a wider network based on the belief that "we are stronger together", and fostering collaboration between farmers with a shared enthusiasm. Additional motivations include recognising that the lands involved are already rich in biodiversity, and the potential to increase the economic value associated with the landscape for individual farmers. Previous experience with environmental stewardship schemes was an enabler for uptake of the LR pilot.

For a successful LR application, it's important to be proactive and stay ahead of the game in terms of understanding the requirements and expectations. Engage the local council to gain support and coordinate efforts. Establish strong governance structures with cluster leaders and company directors, possibly by creating a PLC to address governance and related challenges. Work on gaining the buy-in and support from local farmers, as their involvement is crucial. Seek guidance and advice from expert organizations like Natural England and Wildlife Trusts. Employ a dedicated facilitator to help manage the application process and coordinate efforts among stakeholders. Secure all necessary financing before proceeding with the application, and involve experts from the beginning to ensure a well-informed approach. Lastly, demonstrating a track record of reliable partnerships to evidence the ability to work collaboratively and effectively in implementing the LR program.

4. PART B: CASE STUDIES

This second part of the report presents seven selected case studies from the farmers that were interviewed. It includes five respondents that did not participate in the LR scheme (Case studies 101, 102, 103, 104, and 105), and two that did participate in the LR scheme pilots (Case study 201 and 202). Within each reported case study some basic farm facts are provided, as well as both key messages and actual anonymised quotes are provided for a series of Story Themes. The quotes are shown within quotations as grey italicised text. The story themes include responses on the:

- Impact of reductions of BPS payments on farms,
- Actions to make up for the reduction of payments
- Sources of advice and guidance,
- Reason for participating or not participating in the LR pilot,
- Alignment of LR with own farm goals (LR participants only),
- Perceived benefits of participation (LR participants only),
- Barriers to uptake of LR,
- Enablers for uptake (LR participants only),
- Tips for getting involved in LR (LR participants only)

Case Study 101

Farm profile

Land tenure	100% rented
Land size (ha)	200
Type of land	Lowland
Farming sector	Grazing Beef Cattle and Sheep 65 breeding cows and sucklers 100 breeding ewes 150 lambs 3 rams
Diversification activities	<ul style="list-style-type: none"> • Contracting work • Events and Educational activities • Renting ground/buildings
BPS Payment received in 2022	£20,000
Environmental schemes participated	
Mid-Tier Countryside Stewardship	£19,000
Local Farmers Group membership	Yes
Profitability	Poor
Resource use efficiency	Poor
Feel about the future of farming	Fairly positive
To be seen as a good farmer	Very important
Alignment LR with own farming goals	Highly aligned
Regarding Landscape Recovery Pilot	<ul style="list-style-type: none"> • Low level of awareness • Decided not to apply

THE STORY THEMES

Impact of reduction of BPS

- will impact on profitability
- greater efficiency required
- reconsideration of the need for making changes
- farm may not be viable

Actions to make up for the reduction of payments

- diversification (to establish alternative income streams)
- agricultural contracting
- rental renegotiation with landlords
- tenancy security
- participating in ELMS if relevant

"We want to make some investment because we want to make some changes and we're willing to make that investment but we're not willing to make it with only three and a half years left on the tenancy. ... We'd be funding some of this out of our own income, but we would have to be looking for grants as well."

Sources of advice and guidance

- DEFRA-funded workshops on farm business resilience
- Soil Association, FWAG, NFFN
- land agents

"...Some of them are really good, ... but some of them are less good. ... We went down the route of trying to find the ones that had most relevance to us. We picked one that was being run by the Soil Association because we're organic."

Reasons for NOT participating

- lack of communication from landlord
- lack of scale
- sceptical about the efficacy of the LR scheme
- structural weakness
- tenancy restrictions

"Landscape recovery seems like it was too big a thing for us to get involved in. ... We are tenants ... if we had had something that we felt was on the scale of LR it would've had to have been something that we were already in discussion with our landlords about. ... We sit within an area of outstanding natural beauty, it feels to me as though we would have already had discussions with the AONB about a landscape recovery type objective within our area."

"I think they [landlords] need to make a decision on what they want ... and they need to have an informed discussion with us as tenants they don't communicate."

Barriers restricting uptake

- concerns about collaborative responsibility
- concerns about investment implications
- constraints imposed by landlords
- lack of time to explore and apply
- multiple schemes making it harder to smaller farms due to lack of capacity for non-farming activities
- payment not predictable (undermines long-term farm planning)
- potential policy changes
- short-term tenancy
- uncertain about the scheme requirements

"Don't forget farmers are busy people and there's only a certain amount of time that you have to sit down at the computer and apply for grants and work out which grant's going to be best for you and those things. ... Landscape recovery was one that just seemed to fall outside of our scope."

"I think the big thing about ELMS is that you still don't know what you're going to get paid ... I think the other big thing is that I think we're going to get to the stage where there's too many schemes. ... maybe six or seven different grant schemes that are contributing various different things to your farm. How you manage the paperwork ... I think it's going to be really difficult"

Case Study 102

Farm profile

Land tenure	100% owned
Land size (ha)	233
Type of land	Lowland
Farming sector	Grazing Beef Cattle
Diversification activities	None
BPS Payment received in 2022	£33,000
Environmental schemes participated	
Mid-Tier Countryside Stewardship	£26,000
Capital grants - Countryside Stewardship	£15,000
Farming in protected landscapes	£2,500
Local Farmers Group membership	Yes
Key themes of the collaboration	<ul style="list-style-type: none"> • Input to policy • Peer Groups • Dissemination of information • Training, assistance / coaching
Profitability	Average
Resource use efficiency	Very good
Feel about the future of farming	Pessimistic
To be seen as a good farmer	Very important
Alignment LR with own farming goals	Completely aligned
Regarding Landscape Recovery Pilot	<ul style="list-style-type: none"> • High level of awareness • Decided not to apply

THE STORY THEMES

Impact of reduction of BPS

- substantial decrease in profitability
- concerned about inflation

"... this is a hill farm on the margins between lowland, the Disadvantaged Area and the SDA ... land of all three categories (steep, elevated, rough). Profitability depends on livestock sales and government support (BPS and Stewardship)."

Actions to make up for the reduction of payments

- adopting regenerative farming (eliminating fertiliser inputs)
- invested in new equipment and infrastructure to improve efficiency

"... not specifically in response to the latest initiatives, we've moved into regenerative farming. ... We don't buy any feed. We don't buy any fertilizer. ... We've invested in a new tractor, to replace two older"

ones. ... We're taking all sorts of steps to try and essentially make the farm more self-sufficient and at the same time, it actually probably increases its nature-friendliness as well."

Sources of advice and guidance

- DEFRA
- agricultural and environmental consultants
- farmer networks
- national parks

"... Farm Network wasn't approached by Government over this scheme, it was never talked about"

Reasons for NOT participating

- challenges of securing other funding sources
- effectiveness of collaborative responsibility for the implementation of LR projects
- farmers are often in older age groups
- lacks clarity on objectives
- level of investment expected from individual farms
- loss of farm's autonomy in decision making
- objectives too restricted (focus on threatened native species and river cleanliness)
- potential conflicts amongst project members
- potential policy changes during the period of the scheme contract
- scheme favours large applicants not working farmers
- time-consuming
- time-frames of 20+ years - a barrier for many farmers
- uncertainty about the allocation of funding from government
- very bureaucratic scheme

"... it seems to be a scheme which is designed for a small group of people and not the farming community in general ... it's fundamentally misconstrued and intellectually weak; just doesn't work if you only concentrate on two outcomes, not on the wider range of outcomes"

"...this was designed (for the Dukes) by members of the House of Lords; geared to very substantial estates ... designed in a very discriminatory way, not for working farmers"

Case Study: 103

Farm Profile

Land tenure	100% owned
Land size (ha)	2050
Type of land	Lowland and LFA
Farming sector	<ul style="list-style-type: none"> • Lowland Sheep Grazing 450 ha • LFA beef cattle grazing 140 ha • LFA sheep grazing 850
Diversification activities	<ul style="list-style-type: none"> • Keeper grouse shoot • Renewable energy
BPS Payment received in 2022	£50,000
Environmental schemes participated	none
Local Farmers Group membership	No
Profitability	Average
Resource use efficiency	Average
Feel about the future of farming	Pessimistic
To be seen as a good farmer	Very important
Regarding Landscape Recovery Pilot	<ul style="list-style-type: none"> • Very high level of awareness • Decided not to apply

THE STORY THEMES

Impact of reduction of BPS

- declining profitability
- would struggle with the decrease/loss of the payments
- recognition of having to make changes
- recognition of need to improve efficiency
- risks eliminating some activities (e.g. maintaining a native cattle breed in the uplands)

"... our native breed cattle in the uplands have very significant environmental benefits but have become unprofitable."

Actions to make up for the reduction of payments

- reduce labour inputs
- further diversification (e.g. hunting income)
- increase emphasis on sheep farming

"A very obvious diversification which we haven't done yet would be a released partridge or pheasant shoot; at the moment it's a grouse moor. We don't release any pheasants or partridges. The one thing that I know would make money would be a red leg partridge shoot."

"We've one hydro scheme of 140 kilowatts. There's no viability to put any further renewables in there due to planning and cost-benefit, there are no feed-in tariffs now."

"We are still providing environmental benefits that we were doing under HLS, but we're not getting paid. At some point soon, I'm going to have to say, sorry, I can't afford anymore. I'm just going to have to say to the shepherd, you just get on and sheep farm it."

Sources of advice and guidance

- DEFRA workshops
- National associations such as NBA, GWCT
- a process of self-discovery and seeking advice

Alignment of LR with own farming goals

- Prepared to participate if there are real environmental benefits
- Proposed rewilding project did not suit the farm business
- Recognition of need for environmental schemes for climate resilience of farm
- Strong belief in payment by results

"... I was really hopeful that payment by results would've been taken up, because it would've been the perfect way of us providing environmental benefits, which is the only thing that we can be justified being paid subsidy for, in my view. ... They don't want to work with us. They just want to boss us about; that dynamic is going to prevent proper environmental benefits being achieved on agricultural land. Because farmers will not respond well to that."

Reasons for NOT participating

- loss of autonomy
- not designed to produce 'payment by results'
- not value for money for the farm or the public in terms of environmental outcomes
- Potential policy changes during the period of the scheme contract
- too bureaucratic

"Very dissatisfied ... with DEFRA's information ... We're an ideal candidate for landscape recovery (a single block of land of 2,000 hectares) We were an early adopter of upland countryside stewardship ... We then went into HLS and that paid more money: a different set of prescriptions but it didn't produce better results. Paid attention to LR as it emerged. Went to seminars; then we were told that we were not a suitable site because we had too much farming. ... My knowledge of the land means that I know it wouldn't have provided environmental benefits and ultimately wouldn't have provided value for money for us or value for money for the public purse. Those running the schemes in Natural England have got a real taste for telling farmers what to do; that's not what we farm for. They're going in completely wrong direction. It's too rigid, it's too bureaucratic. Every parcel of land needs treating differently."

Barriers for uptake

- loss of autonomy in decision making
- potential policy changes
- too bureaucratic
- too prescriptive
- uncertainty about how the rules will be enforced
- uncertainty about the funding allocations

Case Study: 104

Farm Profile

Land tenure	100% owned
Land size (ha)	132
Type of land	Unclear
Farming sector	Grass and woodland
Diversification activities	Off-farm income
BPS Payment received in 2022	Confidential
Environmental schemes participated	ELS and HLS
Local Farmers Group membership	Yes Explore natural capital opportunities
Profitability	Good
Resource use efficiency	Good
Feel about the future of farming	Pessimistic
To be seen as a good farmer	Important
Regarding Landscape Recovery Pilot	<ul style="list-style-type: none"> • Moderate level of awareness • Decided not to apply

THE STORY THEMES

Impact of reduction of BPS

- Significant negative impact on farm profitability

“Whether it's growing grass or growing sheep, ultimately there has to be an uplift in commodity prices ... if you just take out the financial aspects, and you just look at the land management aspects, you won't make a lot of difference here because we don't plough any land. For us it's a matter of woods and hedgerows...”

Actions to make up for the reduction of payments

- continue to look for opportunities under countryside stewardship schemes
- plant more trees and hedges

Sources of advice and guidance

- a private farmer group facilitator
- an employed ecologist as an advisor
- Forestry Commission
- Natural England

Reasons for NOT participating

- delay caused by switching means missing a year's worth of environmental payments
- more appealing to remain in HLS with annual extensions
- not qualifying due to participation in an existing HLS agreement

"I said, yes, I'd like to be in that pilot scheme. Then I wasn't selected to go forward and the reason I was told I wasn't selected was because I was already in an HLS agreement. I then had a conversation with somebody from Natural England, I think it was, because I really wanted to understand what it was about my HLS agreement that prevented me from going into an SFI agreement, bearing mind the SFI agreement was predominantly aimed at a kind of soil management exercise. My HLS agreement is much more to do with hedgerows and grazing numbers and that kind of stuff. I don't think it would've been very difficult to have found aspects of what they're trying to achieve in SFI, which wouldn't have overridden what we were doing in HLS but there didn't seem to be a mechanism for dealing with that."

Barriers for uptake

- confused interaction with other schemes
- confusion around the purpose (branding) of the scheme
- how the project will be monitored
- how the rules will be enforced
- loss of farm's autonomy in decision making
- possible negative effects on other farm enterprises (pheasant shoots)
- potential conflicts amongst project members
- potential policy changes during the period of the scheme contract
- sceptical about individual farmer commitments for a collaborative project
- uncertainty around the risks of remaining in the LR scheme for more than 20 years
- uncertainty around the scheme's exposure to inheritance tax

"By definition, it requires a commitment from individuals, but also the group as a whole to meet certain objectives. Now, everybody loves their neighbours and everybody loathes their neighbours, as you probably know... What if I put my land into a scheme for which I'm paid I'm by the taxpayer and one of the other members of that schemes cocks up, how liable, am I? I'm not going to take the risk. I'm not going to lock up my land for 30 years, which is broadly some of the timescales. ... I don't expect anybody else to commit their land to my performance, to be honest. I may want to sell my land; my kids may want to sell it. Is this effectively a covenant? Probably it is."

"... the payments that we receive for environmental works need to be treated as trading income. Absolutely critical because if they're not treated as trading income, then they won't qualify for APR or BPR⁷. I know that the Treasury have been asked, and DEFRA have been asked about this but they are being very silent. They need to say that they'll be treated as if this was a trading basis; if you're going to ask me to take land out of production and then tax me at 40% when I die, I'm not going to do it and they really knew that."

"Another thing which is a bit more sensitive, and people don't like to talk about it, is that people are very worried that if we do environmental works, they get classified as SPAs or SCAs or SSSI. I know it sounds silly but it means that the someone will insist that we can't release pheasants within 500 meters of that ground. If we see those schemes being used as a means to stop shooting, people won't go into them. ... There are five shoots around here. Small farm shoots like mine, and commercial shoots ... the minute we get a whiff of these guys using these schemes, as a way to stop putting birds out, that's it."

⁷ Agricultural and business property relief (inheritance tax)

Case Study 105

Farm Profile

Land tenure	100% owned
Land size (ha)	1000
Type of land	Lowland
Farming sector	Cereal (405 ha) Beef cattle (405 ha)
Diversification activities	202 ha NE conservation land
BPS Payment received in 2022	£58,000
Environmental schemes participated	
HLS	£30000
SFI Arable and horticultural soils	£5000
SFI Improved Grassland and Soil	£5000
Higher tier Countryside Stewardship	For 2024 start
Local Farmers Group membership	Yes catchment groups WhatsApp groups
Themes of collaboration	To share ideas about farming, Helping each other
Profitability	Average
Resource use efficiency	Very good
Feel about the future of farming	Very positive
To be seen as a good farmer	Very important
Alignment LR with own farming goals	Completely aligned
Regarding Landscape Recovery Pilot	<ul style="list-style-type: none"> • Very high level of awareness • Applied but not approved

THE STORY THEMES

Impact of reduction of BPS

- need to make more changes to farm business
- reduced profitability

"... It's a hole, we'll survive without it. But it means we've got to make more efficiencies, I suppose, and find money from elsewhere. Profitability?... Yes, as an enterprise... as a whole, the farm itself on its own? No ... It would be a big question of whether farming was worth our doing ... we'd end up doing more conservation stuff ... We'd have to be going out of farming."

Actions to make up for the reduction of payments

- alternative farming models
- opportunities for pricing carbon and biodiversity
- rare animal breeds

- reduction of overhead expenses
- tourism

Sources of advice and guidance

- a financial markets advisor
- an ecologist
- national associations such as CLA, NFU, BASC
- own independent research
- universities

"We do a lot of research so we don't need a lot of consultancy. I'm a member of WhatsApp groups with farmers doing more environmental projects. ... This is really where I share and learn and discuss ideas on farming. I find that particularly useful. Helping others learn from mistakes that I've made, learning from others' mistakes. And we post videos and photos and all sorts of stuff and also just from a mental health perspective."

Reasons for not participating

- application failed (tried to sign up around 30 farmers in a continuous landscape)
- belief in potential benefits of the scheme
- lack of timely consultation from DEFRA
- recognition of many competitors
- recognition of need for more capacity to make applications

"I think there was a lot of competition and more applications than they expected. Some applications were very sophisticated, well-thought-out schemes, probably people that tried to propose grants over many years... and NGOs who do it for a living. We did our best, but it just shows the difficulty for farmers, or land managers, to actually access some of this stuff without all those NGOs that make a living from it."

"Basically what you've got is this: SFI has become like BPS, but with less money for more work. ... I personally think that ELM, as it was designed, with SFI, LNR and LR, is an absolute mess. I think there's great potential for it, because the premise of investing in public goods is a great premise."

Perceived benefits

- opportunities for peer-to-peer learning of good farming practices
- improved habitat quality
- improved water quality
- improved biodiversity
- improved resilience to climate change

Key concerns for potential LR participation

- effectiveness of collaborative responsibility for the implementation of LR projects
- high cost of application to the LR scheme
- individual farm's capacity to implement the changes required
- level of investment expected from individual farms
- loss of autonomy in decision-making
- potential conflicts within collaborative partnerships
- potential policy changes during the period of the scheme contract
- requires long term arrangements and conservation covenants
- scheme seems poorly conceived

- uncertainty about objectives
- uncertainty about the allocation of funding from government
- weak market for environmental services

“I would put the cost of the application somewhere in the region of £50,000... In terms of time, in terms of the different people that we put in who gave up their time, the expertise, the different levels of expertise... Four weeks solid work with multiple people putting their input in. It was a huge effort.”

Recommendations for improvement

- making application process easier
- avoid making frequent changes of guidance and rules
- open applications with no deadlines
- more timely feedback on unsuccessful applications

“I don't understand why there has to be a deadline for this process. Why can't this be an open window where people like us can come together, know the criteria, have as long as they need to, to put that criteria together. If it's a good enough scheme, it gets through.”

Case Study 201

Farm Profile

Land tenure	100% owned
Land size (ha)	2600
Type of land	Lowland
Farming sector	General cropping (2000 ha) Beef cattle (600 ha)
Diversification activities	More PVs Carbon sequestration Events Contracting work Conversion of farm buildings Christmas trees Firewood
BPS Payment received in 2022	£360,000
Environmental schemes participated	
HLS	£30000
SFI Arable and horticultural soils	£32,000
2 DEFRA Test and Trials use of arable margins to form landscape scale recovery	n/a
Local Farmers Group membership	Yes
Themes of collaboration	Purchasing Marketing
Profitability	Good
Resource use efficiency	Good
Feel about the future of farming	Extremely positive
To be seen as a good farmer	Not important
Alignment LR with own farming goals	To maximise financial return
Regarding Landscape Recovery Pilot	High level of awareness Applied and approved

THE STORY THEMES

Impact of reduction of BPS

- We would struggle with the decrease/loss of the payments.
- We cannot replace the loss of income from the same land.
- We will need to work more efficiently.
- We will have to change the way we do things on the farm.
- The enterprise will still be profitable without the payment.

Actions to make up for the reduction of payments

- innovation and adopt new technology

- investigate markets for environmental services
- significant diversification into photovoltaics and carbon sequestration (tree planting) that has taken 20% of arable land out of farming
- other diversification includes hosting events, holiday accommodation, and agricultural contracting
- if there are no payments to deliver environmental services, the rural economy would revert to agricultural food production, potentially to the detriment of the environment and biodiversity, including areas previously under environmental stewardship schemes

“Arguably, we're going to really struggle to demonstrate landscape-scale change, but the counter-argument to that is, if we don't get paid to deliver, to maintain and enhance the landscape that we've got, then we will revert to agricultural food production ... if we don't continue to find funding for this, there will be a dramatic change and it will be at the detriment of the environment and all of the species associated with what we've been doing for the last very many years.”

Sources of advice and guidance

- environmentally focused NGO's and partnerships (eg Wildlife Trusts)
- national associations e.g. FWAG, CLA and NFU
- Natural England
- private facilitators
- universities

Reasons for participating

- a drive to generate income through establishing new environmental markets
- achieve green outcomes
- creation of a wider network and belief that “we are stronger together”
- establish collaboration between farmers (community enthusiasm)
- further benefits to be generated to environment and wildlife and biodiversity enhancement (protection through maintaining arable margins)
- the lands are already biodiversity rich
- the potential to uplift economic value associated with the landscape to individual farmers

“Together, everyone achieves more. ... I want to achieve benefits to the environment through the network.”

“In the project as a whole, we need to achieve sufficient funding to change areas that are presently in arable production into a river meadow type production.”

Alignment of LR with own farming goals

- aim to achieve satisfactory returns on investment while delivering environmental services
- consolidate existing practice of preserving field margins
- extend tree planting with target species in different parts of the landscape
- preserve continuity of land through the network of neighbouring farms
- protect (for grazing) heath/meadow land along river corridors

“We're pretty determined as a group that we're not going to end up in the commodity situation that we find ourselves in with food production. Over the next 20 years we don't want to be undercutting each other in terms of credits.”

Concerns about LR participation

- collective responsibility for delivery
- covenants and legal arrangements to support continued and equitable collaboration
- lifespan of schemes (>20 years)
- loss of autonomy in decision-making
- potential taxation consequences from participation (income, inheritance, and capital tax issues)
- uncertainty about future government policy and funding commitments
- uncertainty about the future payments
- uncertainty around the economics of participation

“The aspiration is very clear, but the moment we start to investigate some of the economics involved associated with it, that might become a challenge.”

“One of the significant challenges as I see and it has already been flagged in our cluster group, is the one of the longevity of the potential schemes. Absolute maximum our guys are looking at is 20 years. The moment you start talking about biodiversity net gain of 30 years plus of governance and potentially even longer, then there's lots of red flags being waved.”

“Everybody in our own network still wants to be involved in managing their individual farms. ... There's a big nervousness about everything being lumped together and collective responsibility for all of the farms.”

Enablers for uptake

- previous experience with environmental stewardship schemes

“The argument we can use for the 20-year project is that most of the group have been in some form of an environmental stewardship scheme for at least 30 years.”

Tips for getting involved

- be ahead of the game
- engaging local council
- establish good governance with cluster leaders and company directors (e.g. establishing a PLC to overcome the governance and related issues)
- gaining buy-in from local farmers
- guidance from Natural England and Wildlife Trusts
- having a dedicated facilitator
- having all the finance in place
- substantial involvement of experts from early on
- track record of reliable partnership

Case Study 202

Farm Profile

Land tenure	85% owned and 15% rented
Land size (ha)	1510
Type of land	Lowland
Farming sector	Cereals (300 ha) General cropping (1200 ha) Pigs (3000)
Diversification activities	Contracting work (e.g. mowing, spraying, harvesting etc.)
BPS Payment received in 2022	£70,000
Environmental schemes participated	
Higher tier: Countryside Stewardship	Payment unknown
Local Farmers Group membership	Yes
Themes of collaboration	Coordinated wildlife approach Buying group
Profitability	Average
Resource use efficiency	Good
Feel about the future of farming	Pessimistic
To be seen as a good farmer	Somewhat important
Alignment LR with own farming goals	Aligned
Regarding Landscape Recovery Pilot	Moderate level of understanding Applied and approved

THE STORY THEMES (based on survey data with answers' rating of high or very high only)**Impact of reduction of BPS**

- We cannot replace the loss of income from the same land.
- We would struggle with the decrease/loss of the payments.

Actions to make up for the reduction of payments

- Increased the countryside stewardship
- Undertaking more contracting work

Sources of advice and guidance

- National associations e.g. FWAG
- Wildlife enhancement

Reasons for participating

- Potential participation of the LR scheme will create more opportunities to exchange good farming practices with other farmers/landowners.

- The funding from the scheme is another source of income for the farm.
- The scheme will benefit my farm in the long term.
- The scheme will lead to improved biodiversity in the local area.
- The scheme will lead to improved habitat quality in the local area.
- The scheme will lead to improved resilience to climate change in the local area.

Perceived benefits

- To deliver public goods through environmental management on own farm
- To deliver public goods through environmental management in the farming sector as whole
- To maximise the financial return of farm enterprise
- To make sure the farm is ecologically sustainable for future generations
- To enhance the resilience to climate change of farm
- To enhance the resilience to climate change of the whole farming sector in England
- To enhance the local landscape for wildlife and biodiversity

Concerns about the LR project implementation

- Individual farm's capacity to implement the changes required
- Effectiveness of collaborative responsibility for the implementation of LR projects
- How the project will be monitored
- How the rules will be enforced
- Potential policy changes during the period of the scheme contract
- Uncertainty about the allocation of funding from government
- Short-term tenancy
- Restrictions from land owner(s)

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