

# Ploughing Ahead

**A manifesto for farming and our natural environment**



**CONSERVATIVE  
ENVIRONMENT  
NETWORK**

# CONSERVATIVE ENVIRONMENT NETWORK

**The Conservative Environment Network (CEN)** is the independent forum for conservatives in the UK and around the world who support net zero, nature restoration, and resource security.

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# *Introduction*

Farmers make countless sacrifices to produce the food we eat and to care for their land. Conservatives have always understood the central roles that farmers perform in feeding the nation, powering our economy, and managing the countryside. Indeed, it is impossible to imagine our green and pleasant land - a source of our national pride for centuries - without them. Farmers are also integral to rural communities across the country, helping to stitch them together, creating jobs and producing high quality food.

The intellectual forebear of modern conservatism, Edmund Burke, said that society is a partnership between “those who are living, those who are dead, and those who are to be born.” Farmers are the embodiment of this ideal. They pass their knowledge down through generations, take seriously their duty as stewards of our natural world, and have real pride in their work.

Concern about the condition of our waterways, declining soil health, and falling species abundance demonstrates the broader resonance of this sentiment with the British public. We have to turn this situation around for the environment. Conservatives will have failed if we do not hand on to the next generation a protected and enhanced natural world.

Our twin goals for safeguarding our environment for future generations are halting the decline of nature by 2030 and achieving net zero greenhouse gas emissions by 2050. Farmers will be central to meeting both targets. Agriculture accounts for the largest single use of land in the UK, covering 71 percent of the total land mass.<sup>1</sup> But these environmental goals will only be achieved if farmers are financially secure and fairly rewarded for their positive contributions to the

recovery of nature and carbon sequestration. This means strengthening their resilience to the effects of climate change and price shocks. And at the same time, we must maintain and enhance our food security.

The UK's departure from the European Union has provided a once-in-a-generation opportunity to achieve this by developing bespoke policies, tailored to our own national circumstances and priorities, that fairly reward farmers, encourage innovation, and restore our natural world. The government's Environmental Land Management schemes (ELMs) mark a significant step in this direction. In this general election year, it is incumbent on all political parties to grasp this opportunity, raise the level of ambition, and secure the future of farming.

We need to continue producing our own food, but do so more sustainably. There is no global environmental benefit to offshoring the impacts of essential food production. Food security is a critical goal, but has many aspects, from supply chain stability to affordability to nutrition. Domestic food production is a central element of food security, but it cannot be furthered by undermining its foundations: the soil beneath our feet, clean and abundant water, a stable climate, and the health of our pollinators. Indeed, in a 2021 study, the Department for Environment, Food and Rural Affairs (Defra) found that biodiversity loss and climate change were the two most serious medium- and long-term threats to food security.<sup>2</sup> Farmers themselves also need a healthy environment to operate profitable farm businesses. We must invest in these foundations to conserve both our natural environment and secure our long-term food security.

The Covid-19 pandemic, war in Europe, and increasingly extreme weather conditions have exposed the instability of global supply chains and the importance of food security. The UK is particularly vulnerable to fluctuations in the global markets, being only 60 percent self-sufficient in the food we eat.<sup>3</sup> Shoring up domestic production will help

insulate the UK from shocks on the international market. This means meeting the government's target to at least maintain domestic food production in essential food types, expanding horticulture production, cutting food waste, and improving productivity sustainably through changes to management practices and widening access to new agri-tech.

More regenerative agricultural practices are key to achieving these goals. Regenerative farmers are those who farm productively and improve the environment at the same time. It is not a term with a prescriptive definition, but instead one which encompasses a range of actions. The primary focus is on soil health. The annual Groundswell festival, which is devoted to regenerative agriculture, defines its practice through five principles: "don't disturb the soil, keep the soil surface covered, keep living roots in the soil, grow a diverse range of crops, and bring grazing animals back to the land."<sup>4</sup> By taking this approach we can improve our food security, water quality, biodiversity, and increase the amount of carbon that the soil stores.

This plan is an ambitious, conservative programme to encourage more regenerative farming and other sustainable farming techniques and technologies through strengthening farmers' finances with lucrative public and private payments for environmental public goods; building fairer food markets to ensure farmers are properly remunerated for sustainable food production without the need for state subsidy; cutting planning red tape for on-farm environmental infrastructure to make it easier and cheaper for farmers to become more sustainable; and boosting sustainable agri-tech through pro-innovation regulatory reforms to reduce farmers' inputs and widen access to new technologies that help to reduce their environmental impact.

While environmental and food production targets have now been set, legislation has been passed, and subsidy reforms have begun, we must not grow complacent about the scale of the transition that is required. We should do everything we can to help farmers and the environment thrive. This plan sets out some practical but bold measures that can help the government implement its overarching vision for agriculture in a way that benefits farmers and drives forward improvements to the environment. Britain has been at the forefront of scientific innovation for centuries. Outside of the EU, the UK is now free to plough ahead, seize the opportunity, and lead the global race to create the food system of tomorrow.



1

Strengthening  
farmers' finances  
to reward their  
stewardship of the  
natural world

## GOAL ONE

Increase the scope, ambition,  
and financial return  
available to farmers under  
the Environmental Land  
Management schemes (ELMs)



## POLICY RECOMMENDATIONS



Restore the annual ELMs budget in real terms to £2.8 billion, and, at the very least, index the budget to increases in inflation in the next parliament.



Any underspend of the ELMs budget should also be secured and used to support sustainable farming, such as additional SFI options for livestock farmers or incentives for the take-up of low-carbon fertiliser.



Create more market-based payment rates for ELMs, reflective of the demand from farmers and our environmental needs, with higher payments for environmentally important but undersubscribed options.



Appoint and fund regional and local farm champions to support farmers to understand and access ELMs.



Review how ELMs deliver the Environment Act and net zero targets, including whether payment rates and the ambition of the schemes are helping to meet these targets.



Target ELMs funding using the Land Use Framework to safeguard food production and maximise environmental benefits.



Introduce new options under SFI, funded by the wind down of direct payments, to support livestock farmers to adopt more sustainable practices. These could include conversion of land back to hay meadows, mob grazing, and feed additives to reduce methane emissions.

**B**rexit has provided a once-in-a-generation opportunity to reform farm payments. The new ELMs are based on the principle of “public money for public goods” and are replacing EU-derived subsidy schemes.

ELMs will deliver much greater value for taxpayers’ money and create a new revenue stream for farmers to complement the money they receive for food production. ELMs will also tackle long-term threats to our food security by encouraging more sustainable farming practices and improving key assets for food production, like soil health and water quality.

All of ELMs’ more environmentally ambitious programmes are oversubscribed, demonstrating the appetite among farmers to both conserve our natural world and diversify their income.

However, farmers currently lack the certainty they need about the government’s financial commitment to ELMs beyond the next election. As a result of inflationary pressures over the course of this parliament, the ELMs budget has fallen in real terms. This has a detrimental impact on farmers transitioning to more regenerative practices, given the associated upfront costs and income volatility during that period. To ensure farmers have the confidence to adopt regenerative practices and engage with ELMs, and to help close some of the funding gap to achieve our biodiversity goals, the government should, at the very least, increase the current ELMs budget in line with inflation over the last four years and index the future budget in line with future rises in inflation. Consumer price inflation ran at an average of 4.18 percent from December 2019 to October 2023.<sup>5</sup> The £2.4 billion annual budget should therefore increase by at least £400 million to restore its original value. Without this support, some farmers may decide not to take up ELMs.



Given the important role farmers will play in the transition to net zero and restoring our natural world, Defra should also secure any underspend of the ELMs budget and ensure this is used for its original purpose. This could be substantial for farmers. In the 2021-22 financial year, Defra reported an underspend in the ELMs budget of around £106 million.<sup>6</sup> The government's announcement of fifty new ELMs options and an average uplift of ten percent in the value of payment rates, together with improved uptake of the schemes available, will help to alleviate some of this underspend. While the government is right to build contingency into the farming budget for faster-than-anticipated scheme uptake, it is important that the government meets its commitment for this parliament. Any underspend should be used to support the early adoption of the measures proposed elsewhere in this plan, such as additional options in the Sustainable Farming Incentive (SFI) for hay meadows, mob grazing, and the use of low-carbon fertilisers.

The purpose of ELMs is to pay farmers for delivering a service. Since it is not a subsidy, but a market payment, it is appropriate that farmers are incentivised accordingly. Rather than flat payment rates dictated from Whitehall, therefore, Defra should regularly review payment rates. In the first instance, payment rates should reflect both the demand for and environmental benefit of different SFI and Countryside Stewardship (CS) options - with those with the lowest sign-up rates and greater environmental benefits having their payment rates increased to boost uptake. This will ensure farmers receive a fair return for their stewardship of the natural environment and that we incentivise the most effective forms of environmental action.

To ensure farmers have the confidence to engage with ELMs, adopt more sustainable practices, and meet Defra's target of 70 percent of farmers signing up to SFI by 2028, farmers need greater access to advice on how to access the opportunities available. Ministers should appoint regional and local farm champions to provide peer-to-peer advice and training on sustainable, profitable farm practices. Demonstration farms could also be accredited to train the next generation of farmers. The Farming and Wildlife Advisory Group Association, which provides independent advice to farmers on environmental issues, is a good model for this.

In addition to reviewing payment rates based on uptake and attractiveness to farmers, ministers should also regularly audit progress towards the targets set out in the Environmental Improvement Plan and publish the results. This will enable farmers to see the value of their contribution to the recovery of our natural environment and the public to retain confidence in this government spending. Achieving high levels of uptake of the schemes is essential for its success. At the same time, however, the environmental change that ELMs incentivise must be sufficient to halt nature's decline by 2030. The linkage between the ELMs and the legally binding targets is important for ensuring the longevity of their funding settlement.

We should also be more strategic about the areas targeted under these schemes. Defra's long awaited Land Use Framework, for example, should identify the most productive land available for food production and, conversely, the least productive areas where the food production impact of nature restoration programmes would be smaller. The National Food Strategy found that the least productive 20 percent of our land produces just 3 percent of our calorific intake.<sup>7</sup> Whilst all farms should be encouraged to adopt more nature-friendly practices, and while decisions about land use rightly lie with the farmer, by

focusing the government's nature recovery incentives on our least productive land, we can minimise the impact on our food security.

There are fewer options available for livestock farmers under SFI, despite their potential to make a very significant contribution to delivery of public goods on their land. To rectify this, new options under SFI should be introduced to improve the sustainability of their practice. Incentives could target the conversion of fields back to hay meadows to support farmland birds, greater uptake of mob grazing to improve soil health, and the use of feed additives to reduce methane emissions.

## GOAL TWO

Provide investors and land managers with the confidence to engage with new private markets in environmental services



## POLICY RECOMMENDATIONS



Accelerate plans to develop the necessary regulation and accreditation for markets in environmental services, like carbon offsets.



Consolidate existing tools to calculate on-farm carbon and biodiversity under a single government-backed standard to allow farmers to benchmark carbon and biodiversity on their land.



Abolish Inheritance Tax on farmland which is delivering benefits for nature as part of the Environmental Land Management schemes or private nature markets, to equalise the treatment with land used to grow crops and rear animals.

**T**axpayers' hard-earned money is not the only means of incentivising work to conserve our natural inheritance. ELMs are also designed to spark the creation of new markets in natural capital, widening the opportunities for farmers to diversify their income and unlocking more funding for farmers.

The independent Joint Nature Conservation Committee estimates that just 0.031 percent of the UK's gross domestic product is spent on protecting or improving biodiversity.<sup>8</sup> Furthermore, in a 2021 report, the Green Finance Institute estimated that the gap between spending already committed for nature-related outcomes

and the figure needed for those outcomes to be achieved could be as high as £97 billion over the next decade.<sup>9</sup> Given the scale of this gap and the strain on public finances, we must unlock more private investment for nature. In doing so, we can crowd more money into the agricultural sector and open up new commercial opportunities for farmers. The government's Green Finance Strategy includes a target of raising £500 million every year in private capital for nature's recovery in England by 2027, rising to £1 billion per year by 2030.<sup>10</sup> Much of this money is set to go directly into farmers' pockets to reward their work to restore our natural environment, and could represent a significant opportunity for them to earn more in addition to the revenue they receive for food production.

In March 2023, the government published its first report on the progress of natural capital markets in the UK.<sup>11</sup> The report noted that farmers and investors have so far held back because they lack regulatory certainty. Uncertainty about nutrient neutrality regulations, for instance, has damaged market confidence. To boost confidence in investing, the government should accelerate plans for new standards in natural capital, confirm guidance on the stacking of credits to ensure that multiple environmental benefits can be delivered on the same parcels of land, and specify how private revenue streams for nature could be blended with ELMs money. For centuries, the City of London has been at the forefront of financial innovation. It is time for the UK to lead the world's emerging markets in natural capital trading.

We also need to establish a clearer baseline for farmers and land managers to work from. The market already features a range of tools that allow farmers to calculate the carbon locked in, and on, their land, as well as its biodiversity. Many work on differing metrics and little guidance is available to farmers on which is most

appropriate for their land or the most environmentally rigorous. To provide farmers with the confidence to engage in new carbon offsetting and biodiversity projects and strengthen their hand in negotiating fairer deals, Defra should consolidate these tools under a set of government-backed standards. To encourage innovation, these standards should be flexible enough to be inclusive of different offsetting tools provided that they meet rigorous criteria.

At the same time as creating new mechanisms to encourage the restoration of our natural world, we also need to remove the barriers which prevent landowners from taking action. Agricultural Property Relief (APR) was created in 1984 to help protect farm businesses from being broken up due to Inheritance Tax and to enable farms to be passed down the generations. The relief only applies to 'agricultural' land. Since some farmland which enters into ELMs may undergo substantial land use change, there is a risk that some farm businesses could lose their APR as a result.

The government should equalise the treatment of productive farmers with those who have land in recognised nature restoration programmes - whether ELMs or private nature markets - to remove the perverse incentive to avoid entering into agri-environment schemes. Inheritance Tax is forecast to raise more than £7 billion for the Treasury in 2023-24.<sup>12</sup> Existing APR reduces the Treasury's income by around £340 million per year, so the cost of this exemption is unlikely to be material.<sup>13</sup> The Treasury has already consulted on this measure and should confirm the change at the next fiscal event.<sup>14</sup>



2

Building fairer food  
markets for more  
sustainable produce



## GOAL ONE

Encourage the private sector  
to increase its environmental  
ambition and extend fairer  
trading practices



## POLICY RECOMMENDATIONS



Conduct larger scale supply chain reviews, including the role of food processors, to ensure smaller-scale farmers get a fairer price for their produce at the farm gate.



Use existing powers within the Agriculture Act to ensure greater fairness in contracts between farmers, growers, food processors, and retailers, and publish more supply chain data, particularly in relation to wholesale price transparency.



Expand the Groceries Code Adjudicator's remit to cover farmers, growers, and other businesses that supply large retailers through a third party.

**B**ritish farmers produce some of the highest quality produce anywhere in the world. We should be proud of our high standards and farmers' determination to uphold the best practices. Government policy should reflect this, requiring and enforcing the best environmental and animal welfare standards whilst also ensuring that farmers are given a fair return from the market and that consumers can afford to put food on the table. Both retailers and consumers have a distinct part to play in supporting more sustainable agricultural practices.

The fairness of food markets is key to securing positive environmental change for two reasons. First, we need to ensure

that farmers who produce food to a higher environmental standard are fairly rewarded for the additional costs that can entail. Farmers' profits are often negligible compared to other actors in the food chain. Research from Sustain found average profits on a range of staple fresh foods was paltry, often less than one percent of the profits in the food supply chain.<sup>15</sup> Second, with fairer food markets we can limit the public funding required to cross-subsidise food or farm incomes, and instead target public money for environmental public goods. With greater financial security, farmers would also feel less pressure to depend on more intensive methods of production and instead shift towards more regenerative practices.

Following the pandemic and Russian invasion of Ukraine, farmers' profit margins have been squeezed by soaring input prices and labour shortages. That is why it is important that supply chains remain transparent for farmers. Recent reviews of the pig, dairy, and poultry industries have restored some faith amongst the farming community, with the government pledging to use existing powers under the Agriculture Act to regulate the conditions of contracts between farmers and food processors, in addition to publishing more data, including wholesale prices. The wider availability of supply chain data allows farmers to negotiate fairer prices and push for a fairer share of the profit from their goods, as well as encouraging competition among retailers. It is important that the government now delivers on these pledges and seizes the opportunity of Brexit to allow farmers to negotiate fairer prices.

The relationship between farmers, food processors, and retailers remains unbalanced. Farmers receive a minimal share of the profit from their goods and work to short-term, inflexible contracts which exacerbate food waste. Future reviews need to address the Groceries Supply Code of Practice (GSCOP), the legal framework which governs

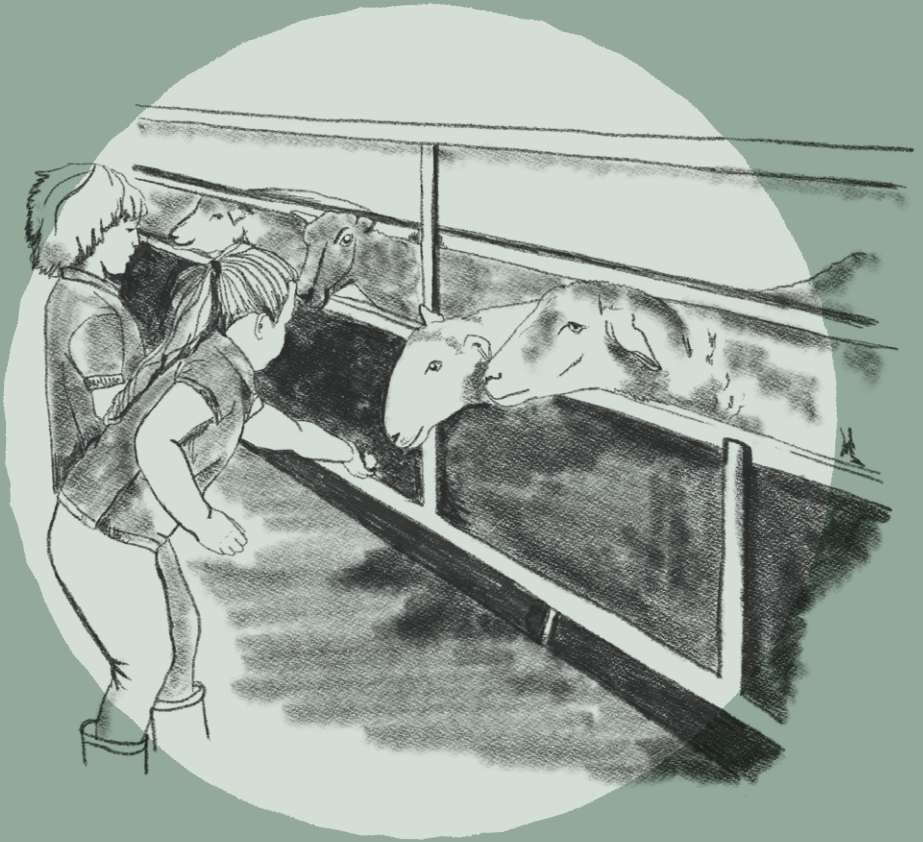
the conduct of thirteen of the UK's largest grocery retailers, and encourage longer-term supply contracts. Growers' production cycles extend long past a single year or season, instead stretching to two, five, or even ten years. Despite this, the duration of many contracts extends to just one year.

Longer-term contracts, set before a crop is planted, would reduce farmers' financial uncertainty, allowing them to better plan their crop, practise more regenerative techniques, or engage in nature restoration projects. The GSCOP should also ensure supermarkets pay the price they agreed, for the quantity they agreed, during the timeframe they agreed. Not only is this fair for farmers, but this would also help to cut the 1.6 million tonnes of food that is wasted each year at the farm gate.<sup>16</sup> This will not be appropriate for every farm, of course, and it is important that farmers retain the flexibility they need to negotiate short-term contracts should they wish.

Last year, the government was right to confirm the independence of the Groceries Code Adjudicator (GCA). The GCA plays an important role ensuring that retailers treat their suppliers lawfully and fairly. To build on the work of wider-scale supply chain reviews and the introduction of longer-term agreements between retailers and growers, the GCA's remit should now be expanded to cover farmers, growers, and other businesses that supply large retailers through a third party. Again, this should reduce farmers' financial uncertainty and ensure they receive a fairer return for their produce.

## GOAL TWO

Reform public procurement practices to improve competition and encourage the purchase of more locally produced food



## POLICY RECOMMENDATIONS



Remove restrictions on the ability of small and medium-sized businesses to bid for public procurement contracts to enable more family farms to supply the public sector.



Extend the Government Buying Standard across the whole public sector to ensure high animal welfare and environmental standards.



Include reference to the role of farming in the food supply chain in the primary national curriculum to raise pupils' awareness of where their food comes from and encourage the consumption of more seasonal produce.



Empower consumers to be able to choose more seasonal produce by requiring clear country of origin labelling on online outlets, and encourage retailers to introduce a "Buy British" button.

**T**he public sector should lead by example. It cannot be right for the government to encourage consumers to buy more sustainable food without first addressing its own procurement practices. The public sector spends around £2.4 billion per year procuring food and catering services, which represents approximately 5.5% of UK food service sector sales.<sup>17</sup> Given the vast scale and quantity of public sector contracts, this could, in turn, drive meaningful market change.

Currently, only contractors directly employed by central government need to adhere to their own standards, known as the Government Buying Standard (GBS). The GBS contains a series of requirements on the quality of the food purchased, its animal welfare record, and environmental sustainability. An inquiry in 2021 by the House of Commons' Environment, Food, and Rural Affairs Committee found that these standards were rarely monitored or applied across much of the public sector.<sup>18</sup> The government should now extend the GBS across the public sector to ensure that public money is not used to support harmful environmental practices. A full cost assessment of making this change should first be conducted by the Treasury and local authorities provided with the support they may need.

Defra rightly reviewed public procurement rules last year, but change has been slow to follow. Too many small and medium-sized businesses are locked out of the supply chain, and family farms are unable to compete. This needs to change.

The recent Procurement Act promised to cut red tape, simplify bidding processes, and make it easier for smaller businesses to compete for more contracts. Now is the time to use the existing powers within this act. By opening up the public procurement process, schools could be linked with local farms to supply their catering. Special consideration should be given to more sustainable farms and, where possible, catering should include more seasonal produce. This will not only benefit schoolchildren and farmers, but our planet too.

The primary national curriculum includes reference to food chains, but not the role of farming in producing the food we eat. This should be amended so that pupils are taught to be more aware of where their food comes from and how it is grown. Guidance should also be issued on how schools can arrange visits to local farms to strengthen their understanding.

Recent studies have shown that the carbon emissions generated by the global transportation of food is higher than was initially thought. For example, the global transport of fruit and vegetables accounts for 36 percent of food emissions - almost twice that released during their production.<sup>19</sup> Encouraging the consumption of more local, seasonal produce would provide a welcome boost to British farmers and ease our route to net zero.

It is important that consumers are empowered to make these decisions. Around one in ten purchase their groceries online, yet many websites often obscure the provenance of goods available. This needs to change, with clear country of origin and regional labelling on fresh produce as standard. To further empower consumers to choose more seasonal and local produce, online retailers could introduce a “Buy British” button to filter out food that is not grown in the UK.



## GOAL THREE

Use Britain's diplomatic weight  
and trading power to drive  
international environmental  
ambition



## POLICY RECOMMENDATIONS



Strengthen due diligence requirements for forest risk commodities, such as beef and soya, restrict imports of food products from deforested land, and extend requirements to financial services companies.



Proceed with introducing a Carbon Border Adjustment Mechanism on agricultural fertiliser by 2027 and support the uptake of low-carbon fertilisers.



Collect and publish data on the carbon footprint of beef and lamb imports to the UK to improve consumer information.

**B**ritish farmers' high standards are recognised across the world, with 'British' being a byword for quality. Brexit presented an opportunity to export our world-class food and environmental standards. Food and drink represents the UK's largest manufacturing industry, with exports to over 200 countries. Over the last decade, the value of UK agri-food exports rose by £7.3 billion, taking the total value to around £25 billion.<sup>20</sup> With the world's population also forecast to increase by more than a quarter over the next 30 years, by 2050 it is estimated that there will be around two billion more middle class consumers globally - the prime market for premium British produce.<sup>21</sup>

Steps like the placement of agri-food attachés at British embassies have helped to boost trade opportunities. New free trade agreements, particularly with new and emerging markets, provide an exciting opportunity for UK farmers. The government should continue to support them to take full advantage of increased market access.

Following the Prime Minister's Farm to Fork Summit last year, the government rightly confirmed that animal welfare and environmental standards would not be compromised in any future free trade agreements. The government should now go further to ensure there is a level playing field with imports. Agriculture is responsible for 73 percent of deforestation internationally as forests are cleared to make way for livestock pasture and crops of soy and oil palm.<sup>22</sup> This has a devastating impact on global biodiversity and carbon sequestration. The government's announcement of secondary legislation to introduce due diligence checks for large companies to tackle illegal deforestation in their overseas supply chains is therefore very welcome. This should be passed and put into practice as soon as possible.

To prevent British farmers' high standards from being undercut and build on the progress made during the UK's presidency of the COP26 climate conference, the government should go further still. Unlike the EU's Deforestation Regulation, which prohibits the sale of products that have contributed to deforestation, the UK's new regime only guards against products which contributed to illegal deforestation. The House of Commons Environmental Audit Committee's recent inquiry into global deforestation found this creates a perverse incentive for other countries to deregulate and remove protections on forested land.<sup>23</sup>

As such, the government should extend this due diligence duty to UK financial services companies, given their involvement in financing companies with significant interests in forest-risk commodities, and

apply a duty to remove deforestation from supply chains completely, regardless of whether it has been sanctioned or not. Ninety percent of respondents to the government's consultation on new laws for forest risk commodities supported this proposal, including the UK's largest seven supermarkets.<sup>24</sup> Finally, ministers should develop a clear standard to prevent the sale of food that was produced on deforested land, to reassure consumers that their consumption isn't driving destruction of precious forest habitats overseas.

But across the economy, as we transition to net zero, we must not only act alone. There is a risk that as our environmental ambition and carbon prices increase, some UK-based manufacturers will offshore their carbon-intensive production and replace products previously made in the UK with more carbon-intensive imports. The government's proposal for a Carbon Border Adjustment Mechanism (CBAM) will help to avoid this situation by ensuring both imports and domestic goods face the same carbon price. Agricultural fertiliser is one such area where a CBAM will be beneficial, which is why the government's announcement that it will include fertiliser in the initial CBAM is welcome.

Research by the University of Cambridge has found that manure and synthetic fertilisers emit 2.6 gigatonnes of carbon per year - more than global aviation and shipping combined.<sup>25</sup> As a result, fertiliser is already covered by carbon taxes and its production is already heavily regulated as a large point-source of emissions. The UK currently produces around 40 percent of our own fertiliser requirement. This would not be subject to the CBAM as it is already covered by our emissions trading scheme. Similarly, seventy-five percent of our fertiliser imports originate from the EU.<sup>26</sup> Given the EU's emissions trading scheme, these imports will also not be subject to further carbon pricing as a result of the UK's CBAM. Fertiliser plays an

important role in securing domestic food supplies, so it is important to limit the financial impact on farmers during the transition.

Many UK companies, such as CCM Technologies and Anglo American, are developing competitively priced, low-carbon fertiliser products. We now need to build up the UK's production capacity of low-carbon fertiliser to ensure British farmers can remain competitive as we transition toward the introduction of a CBAM. That is why, in addition to introducing a CBAM on fertiliser, the government should consider measures to incentivise the take up of low-carbon alternatives. For example, a new SFI option could reward farmers for using low-carbon fertiliser. This will ensure the impact on farming input costs is minimised.

While at this stage, a CBAM on food products would have a disproportionately high impact on the cost of living and be hard to gather data for, in light of concerns about agriculture's contribution to deforestation and climate change internationally, timelines for collecting the data on the carbon footprint of beef and lamb imported to the UK by large companies should also be set.

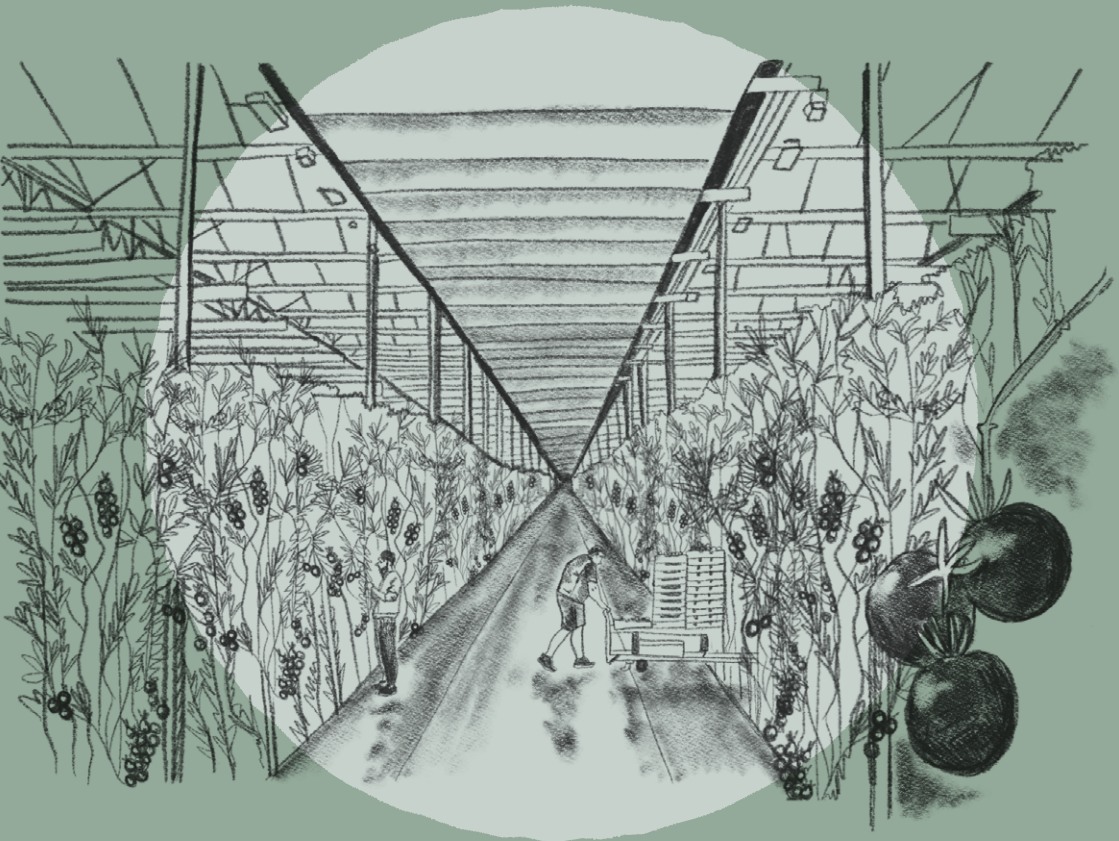


3

Cutting planning red tape to help farmers go green

## GOAL ONE

Ease planning restrictions to allow farmers to sell their own produce and build new slurry stores, reservoirs, and glasshouses





## POLICY RECOMMENDATIONS



Accelerate plans to extend permitted development rights to farmers wishing to convert farm buildings into shops selling their produce.



Extend permitted development rights to the construction of new slurry stores, medium-sized on-farm reservoirs, and small-scale glasshouses, including in National Landscapes, to cut greenhouse gas emissions, improve water quality, and increase domestic food production.

**O**ur planning system is too inflexible for farmers. Too often, planning red tape ties farmers up, preventing them from building new reservoirs, converting farm buildings, or opening new farm shops that could have environmental benefits. The system needs simplifying to improve farmers' profitability and aid their role as custodians of the land.

Permitted development rights are a useful tool to encourage responsible development without the need to pass through the full complexities of the planning system. Sadly, they are underutilised in rural areas. To allow farmers to further diversify their income and encourage more people to eat and shop locally, the government should also accelerate plans to extend permitted development rights to farmers wishing to convert farm buildings into shops selling their produce.



Similarly, glasshouses and slurry stores are often caught up in the planning system, despite government grants to build the latter. Building new glasshouses allows us to grow more fruit and vegetables in the UK, boosting our food security and potentially cutting carbon-intensive food miles, provided that low-carbon heating is a condition of receiving fast-tracked planning permission. Increasing the number of slurry stores would improve water and soil quality, as well as reduce the amount of methane released into the atmosphere. Some local authorities have blocked their construction, however, due to the immediate short-term increase in emissions from their construction.

For these reasons, permitted development rights should be extended to new slurry stores and small-scale glasshouses. Importantly, this should include National Landscapes, where planning permission is often difficult to obtain. New on-farm infrastructure, like slurry stores, could be key to improving their condition. Of course, protections should be put in place to ensure that they are only constructed where they would tangibly improve water and soil quality, in addition to reducing methane emissions. For slurry stores, this may also mean limiting increases in the size of a farmer's herd after their construction, so that the environmental benefit to their construction is tangible. By reducing the uncertainty for farmers within the planning system, we can cut the cost of construction and improve the state of our natural world.

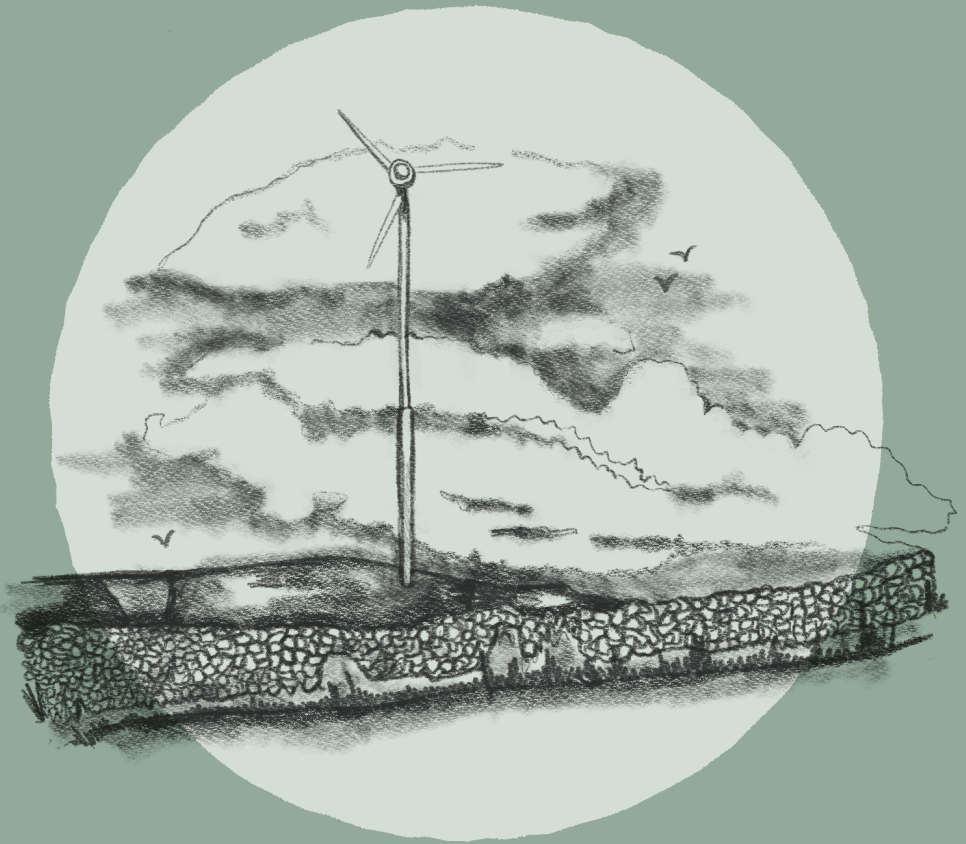
Efforts to build new on-farm reservoirs are frustrated by piles of paperwork too. Farmers must first apply for planning permission, complete an Environmental Impact Assessment, and then obtain an abstraction licence if the reservoir will take more than 20 cubic metres of water per day. By 2050, the UK's water supply could be reduced by as much as 15 percent, with some rivers seeing between 50 and 80 percent less water in the summer months.<sup>27</sup> This could

have a devastating impact on farmers' efforts to tend to their crops and livestock, and, in turn, our food security, as well as on the natural environment which relies on a clean and abundant water supply. On-farm reservoirs help to improve irrigation, guard against drought, and reduce overall demand on the water network. They will also be key to meeting the government's target of increasing water storage on farms by two-thirds by 2050. The government should therefore extend permitted development rights to medium-sized reservoirs. This would help to speed up their construction and cut the cost to farmers. To avoid any negative impact on water quality, abstraction licences should remain a requirement of building and the government is right to review measures to speed up the approval process.

## GOAL TWO

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Enable farmers to use more, and produce their own, renewable energy



## KEY RECOMMENDATIONS



Extend permitted development rights to new small-scale onshore wind turbines over 11.1 metres up to a maximum height of 30 metres, as with new mobile phone masts.



Extend community benefit measures to include both the generation and transmission of electricity, and mandate a minimum threshold for payments to ensure that farmers and rural communities benefit from hosting new energy infrastructure.

**T**he illegal Russian invasion of Ukraine sent European energy costs soaring and reinforced the importance of the UK's domestic energy security. UK-based renewable energy removes our reliance on volatile fossil fuel markets, while helping to cut bills and carbon. New sources of renewable energy also present an opportunity for farmers. However, all too often, planning red tape prevents farmers from exploiting this lucrative opportunity.

Farmers wishing to install small-scale wind turbines have to plod through the planning system, often at great expense. Permitted development rights only cover new wind turbines under 11.1 metres tall and with a rotor dimension of 2 metres, similar in height to the size of an average two story house. This is despite most turbines on the market being larger than this specification. To help cut the cost of construction and help more farmers become energy independent, the

government should increase the maximum permitted height of new small-scale turbines to 30 metres and extend the allowance for blade length to 8 metres. It is worth noting that this modest increase would bring planning requirements into line with new mobile phone masts which can be built with permitted development up to a height of 30 metres.

In addition, where farmers' land is required for the transmission or generation of new renewable energy, they should receive a fair reward for their cooperation together with the local community. The government's voluntary guidance on community benefits for electricity transmission infrastructure released at the 2023 Autumn Statement was welcome. To meet the 2035 target to decarbonise the UK's supply of electricity and build public support for the necessary infrastructure, however, the government must go further. Community benefits should be extended to both the generation and transmission of electricity with a new minimum threshold for payments to ensure that farmers and the surrounding community receive a fair reward for their cooperation.



# 4

## Boosting British agri-tech to reduce inputs

## KEY RECOMMENDATIONS



Remove restrictions on the use of drones outside of the line of sight and for the precision application of pesticides on crops.



Review the Sludge (Use in Agriculture) Regulations 1989 to examine whether the further processing of bio-solids for use in fertiliser could allow farmers to safely transition away from nitrogen-based, carbon-intensive products.



Loosen existing limitations on the use of insect protein in animal feeds.



Simplify the licensing process for new seaweed farms to encourage the use of seaweed as a methane suppressant in animal feed and improve the biodiversity of marine sites.



Target existing research and development funding to refine and demonstrate the technology for small-scale, low-cost seaweed processing centres to reduce the upfront cost of establishing profitable farms.

**F**or centuries, Britain has been at the forefront of scientific innovation. Outside the EU, the UK is free to establish a new system of agricultural regulation. We cannot afford to waste this opportunity. Following the UK's departure from the EU, the Defra-commissioned Stacey Review set to rationalise the basis through which future farming regulation should be made: to safeguard animal and plant welfare, ensure good land management, and prevent hazards.<sup>28</sup> Proportionate, smart regulation enables farmers to fulfil these goals and, with the right regulatory framework, the UK could lead global innovations in agri-tech. This is good for British farmers, businesses, and the environment.

It is right that we restrict the use of new technologies with the potential to harm human, animal, or environmental health, that we guard against the risk of stranded assets to farmers' finances, and that we prioritise incentivising changes to land management techniques alongside technological solutions. But, too often, red tape prevents farmers from accessing new technologies which could enable them to employ more sustainable practices.

Drones are a particularly pertinent example. The Health and Safety Executive currently prohibits drones from being used for the precision application of pesticides, despite lacking any evidence that doing so is harmful to environmental, human, or animal health. Lifting this restriction could allow for the more targeted use of harmful pesticides without impacting crop yields. Research from PwC has shown that the use of drones could reduce the volume of pesticides by over 30 percent.<sup>29</sup>

More broadly, drones have been shown to be an effective tool in agriculture. By using machine learning and camera technology, farmers can monitor their crops remotely, helping to increase yields and cut food waste. However, existing regulations prohibit the use



of drones outside of the operator's line of sight. These burdensome regulations should be scrapped to allow farmers to take advantage of this new technology. Doing this could also help to reduce soil compaction, as heavy farm machinery would no longer be required to visit sites or apply materials. To mitigate the risk of aerial collisions, the Civil Aviation Authority's existing limitations under the Drone and Model Aircraft Code regarding the maximum height of flight and the distance required between drones, people, residential, recreational, industrial, and commercial settings should still apply. An exemption for agricultural buildings should be included in a revised edition of the code.

Fertilisers are another area where cutting red tape could unlock new technologies and help farmers go green. Over two and a half gigatonnes of carbon are emitted every year from synthetic fertilisers - more than global aviation and shipping combined.<sup>30</sup> Tackling this significant source of carbon will be key to meeting our commitment to net zero. In addition to introducing a Carbon Border Adjustment Mechanism on imported fertiliser products, the government should review the Sludge (Use in Agriculture) Regulations 1989. If processed waste bio-solids are found to be safe for use in fertiliser, alternative products with these as their base could allow farmers to safely transition away from nitrogen-based, more carbon-intensive products. This could be a significant development in cutting scope three emissions in agriculture, reducing imports of fertiliser, and improving the capacity of water treatment works. In research funding, priority should also be given to research into improving crop resilience and seeds which are not reliant on nitrogen-based fertilisers.

To further limit emissions from agriculture and encourage new technologies, the Food Standards Agency should amend regulatory requirements for using additional substrates in insect farming,

allowing for a broader range of feedstocks for insect farms. Animal feed accounts for around 75 percent of global soy production and its cultivation has been linked to deforestation. The widespread adoption of insect protein as an alternative for animal feed could help to reduce our reliance on soy and halt deforestation, with some estimates suggesting that the UK could cut imports of soy by 524,000 tonnes by 2050.<sup>31</sup> Europe and North America have advanced well ahead of the UK in the use of insect proteins. Outside the EU, the UK is uniquely placed to become a market leader in this emerging industry, and existing limitations on the use of insect protein in animal feeds should be examined.

Seaweed has also been shown to act as an effective methane suppressant when applied to ruminant diets, with studies showing greenhouse gases could be reduced by between 82.4 percent<sup>32</sup> and 95 percent<sup>33</sup>. However, convoluted marine licensing requirements are restricting the number of viable UK-based seaweed farms. Currently, prospective seaweed farmers need to rent an area of the seabed from the Crown Estate and then obtain a separate lease from the relevant statutory nature conservation body. To reduce the financial risk of establishing a new farm, exacerbated by the arduous process of obtaining a lease, this process should be simplified so that speculative rights to establish a seaweed farm can be obtained prior to leasing an area from the Crown Estate.

There are also issues with the harvesting and processing of seaweed which need to be resolved to fully realise its potential. Once harvested, seaweed needs to be processed within four to six hours, requiring farmers to supply their own product. Therefore, large upfront capital investment is needed from prospective seaweed farmers. Existing research and development funding should be targeted to refine and demonstrate the necessary technology for smaller-scale, lower capital

cost processing centres to reduce the upfront cost of establishing profitable farms. Making these changes could help to boost the biodiversity of the marine environment too. In one study, up to 17 animal species were found to inhabit a new aquaculture farm along with seven other types of seaweed.<sup>34</sup>

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