

DOES UK FARMING OFFER VALUE FOR MONEY?

As arguments rage between soft and hard Brexiters and those entirely against the self-imposed divorce from our most important trading region, the farming industry is no wiser as to the likely impact on profitability. Many who voted will retire before the true impact can be assessed, let's hope the next generation has no reason to question the wisdom of its forebears! And it is too early to predict exactly how future governments will guide the rural sector but, based on rhetoric from Mr Gove and others, "value for public goods" will be an important measure for those that understand what it means!

Most expect cuts to the £3 billion support UK agriculture receives, the consequences of which will affect some more than others. Since the de-coupled Single Payment Scheme was introduced in 2005 the flat rate payment has underpinned marginal food production just as production linked subsidies did previously. Some suggested the decoupled subsidy should be excluded from the farming p&l account but the reality is that it has provided farmers with the means to continue enterprises otherwise unable to stand on their own feet. An unpalatable solution has always been available; decoupled payments, often in conjunction with environmental schemes,

has created the bizarre situation where doing less often equals more profit!

2018 wheat prices are at a five-year high and there is potential for genuine profit as prices have climbed above the cost of production. But in recent years cereal production has usually been loss-making. Commentators have said repeatedly that it makes no sense to persist with production that loses money. But are those critics missing the point? The farming industry has evolved with many generating incomes from activities previously not dreamed of, but, if asked, most state that producing food is their primary function with preserving the countryside in the condition we expect a close second. Surely, if supporting the industry that puts bread on the table and maintains our green and pleasant land isn't worthy of support then what is?

Whether the decoupled system is good or bad it has created an anomaly that needs fixing. For the majority the subsidy enables farmers to produce food which would otherwise be impossible yet some land owners consider the income to be theirs, the tenant simply acting as an intermediary and passing it on through the rent. This often results in a disconnect between the rent being paid and what the farmer can actually afford. Of course, if the tenant cannot viably produce wheat or lamb or

beef then he could stop and simply manage the land with a topper. But eventually this leads to an untidy, tired farm drawing criticism from landowners and their agents for allowing holdings to fall into a state of disrepair with overgrown hedges and dilapidated fences and so on.

So, as the Brexit conundrum twists and turns perhaps the farming industry firstly needs to sort out in its own mind what it wants to be irrespective of any guidance that may eventually come from government. If the industry's primary, stated objective is to feed the nation then isn't this a position all can understand? A subsidy system that fits this basic concept, includes reasonable and workable measures to safeguard the environment and also ensures the funds end up where they are intended should satisfy even the harshest critics of state funded support.

In time the dust will settle and the UK will thrive no matter what the circumstances. The challenge for the farming industry is to re-establish its position as a key player at the heart of the country and to embrace the uncertain but exciting period ahead. Is UK farming bold enough to take that responsibility or will it simply be easier to blame the politicians, the EU and everyone else for what might have been?

64



MATTHEW BERRYMAN
Partner, CLM
T: 07710 765323
E: matthew@c-l-m.co.uk
www.c-l-m.co.uk



- Basic Payment Scheme
- Farm and Estate Management
- Farm Business Consultancy
- Rent Reviews
- Countryside Stewardship
- Ecological Surveys



Call us on **01892 770339** or email info@c-l-m.co.uk
www.c-l-m.co.uk