RESILIENCE

OUR BLUEPRINTS FOR GROWTH

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Introduction

The economic resilience of farmers and growers, as well as the broader agri-food sector, is determined by the ability to anticipate, withstand and recover from shocks, disruptions and broader economic pressures.

Recent years have highlighted the prevalence of such pressures through the impacts of global events including Brexit, the Covid-19 pandemic and the Ukraine conflict, while the severe flooding we have witnessed during the past two years has demonstrated the compounding pressures that climate change can have on supply chains already exposed to volatile global markets.

Such events have driven agricultural input costs and food price inflation to their highest levels in recent memory, rippling through agri-food supply chains and underpinning the cost-of-living crisis suffered by UK households.

These events have highlighted the importance of investing in a resilient domestic agricultural sector to underpin a broader food supply chain which is able to reliably deliver high quality and affordable food to households.

Such resilience can be achieved if farmers and growers are able to adopt a three-fold strategy based on protecting assets, driving productivity, and managing market and production risk.

Protecting assets by safeguarding and promoting plant health and animal health and welfare, securing market access, and enhancing ecosystem function through sustainable farming practices, creates a basis to better anticipate and withstand pressure on production capabilities.

Driving productivity by mobilising investment, skills, networks and translating research and development into practice on farms, is critical in realising the efficiencies in production and responsiveness to market drivers that are required for businesses to adapt to evolving operating conditions within a rapidly changing global market.

Managing market and production risk can be done through strengthening farmers' role in the supply chain, diversifying income streams through engagement in ELMs or involvement in ventures such as tourism and recreation, and by improving government support for exceptional and systemic market and production impacts.

By empowering farmers and growers to better manage risk, they can escape the short-term pressures of volatile markets and invest over longer time periods in productivity, the environment and their overall resilience. Such resilience is the pre-condition for sustainable economic growth across the rural economy.

This blueprint outlines the key asks of government which would enable farmers to adopt this three-fold strategy and drive resilience within the agriculture sector, the agri-food sector and the broader rural economy.

Funding a resilient agriculture sector

Agriculture budget

Prioritising the agriculture budget will enable actions in every constituency so that farmers and growers can deliver the government's economic, food security, environmental and clean energy ambitions.

The food security, climate change and environmental challenges we face need to be matched by a renewed and improved financial budget which drives growth and unlocks the economic and environmental potential of businesses across our landscapes, including those in the uplands where unique economic pressures must be overcome.

This is not just the view of the NFU. It is also the view of many environmental NGOs and other organisations involved in farming and land management, highlighting cross-sector consensus on the urgent need for a ring-fenced budget.

Investment in productivity and stability will ensure a competitive and resilient agricultural sector, while investment in environmental delivery also contributes to the resilience of our food systems, our environmental ambitions and a more sustainable economy.

It is imperative that Defra and its delivery bodies have the resources to deliver the changes in support schemes under the Agricultural Transition Plan (ATP).

This includes sufficient budget to ensure the programme has adequate IT systems and staffing to manage the complex transition from the Common Agricultural Policy to new domestic schemes while they operate in parallel and beyond.

Farming needs a balanced multi-year agriculture budget over the lifetime of this parliament based on the NFU's three longstanding agricultural policy cornerstones of environment, productivity and stability.

In quantifying the funds required, the NFU commissioned the independent Andersons Centre to model the funding needed to deliver environment, climate and food policy ambitions in England over the next parliament, including those contained in statute.

Asks:

- An annual agriculture budget for England of around £4 billion, as set out in our 2024 election manifesto, to support the delivery of a balanced agricultural policy which underpins global competitiveness, made up of:
  - £2.7 billion to meet the government's legislated environmental goals (further details are contained in our Environment and Climate Change blueprint);
  - £615 million for driving productivity;
  - £720 million to support the economic stability of agricultural businesses.

- When respecting the nature of devolved government, we estimate this would translate to a UK-wide budget of around £5.6 billion.

- Ensure adequate departmental resourcing to deliver the Farming and Countryside Programme.

Driving productivity

Building the productive resilience of the agriculture sector can be achieved through stimulating much needed investment, promoting the adoption of best practice, enabling collaboration and knowledge exchange, and facilitating the dissemination of the latest research and development onto farms.

The measures set out below complement many of the measures contained across all of our blueprints that can boost productivity, including through resource use efficiency (Environment and Climate Change), planning reform and less burdensome regulation (Investment and Innovation), and fairer functioning markets (Commerce and International Trade).

Farm Business Investment Loan Scheme (FBILS)

Productivity improvements are key to keeping farms economically sustainable and maintaining food production. Defra aims to increase farm business productivity by 4% by 2028 against a 2021 baseline, and by a further 15% by 2048.

Farms can improve their productivity by adopting new technologies and best practice, as well as improving animal health and welfare and nutrient management. Much of this requires investment.

Farm businesses which have the potential to realise the most productivity improvements (the middle 50% of performers in terms of profitability) are often unable to raise finance to take advantage of grant-funded projects. This is due to a lack of access to capital and concerns regarding the serviceability of loans. These businesses are also likely to be impacted significantly by the phase out of direct payments and current high interest rates.

We therefore have a perverse situation where the businesses which have the most potential to improve their productivity and environmental outcomes are those which struggle to access Defra productivity grants.

To address this market failure, a Farm Business Investment Loan Scheme (FBILS), using government-backed loan guarantees and concessionary finance, could drive uptake of Defra productivity grants by those medium performing farms, leveraging a significant amount of private investment to support sustainable growth in UK agriculture, the broader agri-food sector and the economy as a whole.

For instance, over a five-year parliamentary term, FBILS linked to the Farming Equipment and Technology Fund (FETF) scheme can potentially mobilise on average £7.70 of investment for every £1 cost to government in subsidised interest rates and guarantees.

Moreover, FBILS linked to the large grant schemes could generate up to £3.80 of investment a year for every £1 of cost to government. The end result is an effectively targeted productivity scheme which allows farming businesses to adapt and transform their operations in response to the agricultural transition.

Asks:

- A Farming Equipment and Technology Fund (FETF) loan offering finance between £1,000 to £50,000 at a subsidised rate of 2.5% over a five-year term to drive uptake of FETF productivity grants.

- A large grant loan between £25,000 to £300,000 at a subsidised rate of 2.5% over a ten-year term to support uptake of transformative large grant scheme projects.

- A commitment by government to support these loans and so mobilise bank lending, including concessionary finance through subsidised interest rates to stimulate uptake by the target beneficiaries.

Investment in productivity

Measures such as Total Factor Productivity (TFP) show that, while farming productivity has improved over the past decades, increases have been relatively modest, with slower improvements than in many competitor nations.

Productivity improvements are critical to underpin a successful agricultural transition towards a market-orientated and sustainable sector. Investment in farm productivity also has the potential to revitalise rural economies across the UK.

As farmers are enabled to produce more efficiently, they can generate better returns, which will benefit local businesses and create jobs in areas such as food processing, distribution, and agricultural services.

By investing in modernisation and innovation, such as in digital farming technologies and precision agriculture, farm businesses can stay competitive, respond to markets and become more sustainable.

In particular, this can help reduce the environmental impact of agriculture by promoting the efficient use of inputs such as water, fertilisers, and energy, aligning with the UK's broader environmental and climate goals, including its commitment to achieving net zero carbon emissions.

By encouraging practices that protect soil health, biodiversity, and ecosystems, investment in farm productivity not only supports the agricultural sector but also maintains a healthy, resilient natural environment.

Ask:

- Government to invest £615 million into activities which improve farm productivity. This investment would include:
  - Capital investment in productivity and resilience of £185m which expands the current productivity elements of the Farming Investment Fund, such as the Improving Productivity, Adding Value, Water Management, Slurry Infrastructure, and Animal Health and Welfare support grants as well as the Farming Equipment and Technology Fund.
  - Support the uptake of on-farm services with £106m funding to accelerate the adoption of best practice and latest technologies. This will include support to individual farmers to reduce the cost of on-farm services such as technical, performance monitoring and training assistance.
  - Targeted research and development funding of £28m with focus on on-farm R&D programmes.
  - Diversification and co-operation activities funding of £141m.
  - Broader structural support of £56m.

Investment in UK horticulture

The horticulture sector is a significant and critical component of the wider food industry. UK horticulture production is valued at around £5 billion across edibles and ornamentals.

The NFU Horticulture Growth Strategy showcases an ambitious sector which continues to seek opportunities for growth, even in the face of challenges like rising inflation, reduced labour availability, extreme weather events, and a supply chain which demands the highest production standards in the world.

It also highlights the stark reality that current production is falling as the marketplace fails to appropriately value the high-quality products produced and instead seeks to drive down farmgate prices and favour cheaper imports.

This has resulted in businesses pausing or cancelling investment, a trend which has been common over the past few years due to labour shortages and rising costs.

The EU Fruit and Veg Aid Scheme has delivered significant yield, quality and volume gains, as well as enabling some sectors to lengthen the UK season. A new UK scheme is now needed to provide greater confidence and investment for all horticulture businesses, improving the competitiveness, sustainability, and market orientation of the UK fruit and vegetable sector.

With nearly half of the fruit and veg output already coming via producer organisations, a new scheme should not only provide greater opportunities for investment across the entire sector but should, where possible, avoid disruption to already well-established collaborations which have strengthened the negotiating position of members.

Asks:

- Government to replace the EU Fruit and Veg Aid Scheme with an expanded productivity scheme focused on the growth of the horticulture sector. The new scheme will need to:
  - Provide coverage for all horticulture businesses;
  - Be opened up to support individual businesses as well as Producer Organisations;
  - Have funding delivered through government matched funding on the basis of 4% turnover from the business or Producer Organisation;
  - Have total funds increased in direct proportion to the widening of its scope – £200m at current levels, but to increase in line with sector growth;
  - Have funding awarded based on three to five-year programmes, underpinned by a formal business plan from the business or Producer Organisation which sets out which criteria within the scheme it meets.

Measures to manage market and production risks

Government can play a central role helping farmers and growers to manage systemic risks within the agriculture sector which can arise from market disruptions or, increasingly, impacts due to climate change, pests and diseases.

This includes using exceptional measures provisions in the Agriculture Act 2020, support for effective plant protection and animal health and welfare measures, and support for agricultural businesses to diversify.

Exceptional measures support

Section 20 of the Agriculture Act 2020 allows for payments to be made in response to exceptional market conditions that affect agricultural markets.

A clearer understanding of what constitutes a severe disturbance, and when government might be willing to use these powers, would support industry in identifying the likely trigger points for government assistance and allow broader risk management strategies to emerge.

The Defra UK Food Security Report 2024 states: "England had its wettest 18-month period on record between October 2022 and March 2024. For several of the months between October 2023 and March 2024, parts of the UK had monthly rainfall totals that were double the 1991 to 2020 monthly averages (Met Office, 2024) resulting in the submersion of fields affecting livestock and reduced winter cropping for the 2024 harvest."

Severe weather impacts like this are expected to increase in frequency and therefore reliable government support mechanisms will play a key role in the ability of farmers and growers to absorb and recover from them.

Asks:

- Government to work with industry to develop a clear framework for determining what constitutes a severe disturbance in agricultural markets to trigger government support through the exceptional measures powers in the Agriculture Act 2020.

- Develop clear criteria for government support to address severe production impacts which may result in a severe disturbance to agricultural markets or productive capacity.

Plant protection

Farmers must be allowed a comprehensive set of tools to manage the pests and diseases that can cause serious damage to their crops. The future regulatory approach for plant protection products (PPPs) needs to be fit for purpose – protecting the environment and the public, while effectively supporting productive and competitive agriculture and horticulture.

This includes more effective and efficient implementation of the risk-based pesticides regulation, driven by the robust and consistent application of scientific evidence.

We also need our plant health approach at the border to maintain biosecurity, while enabling the import of plant production material that underpins grower businesses.

Asks:

- More effective and efficient implementation of the risk-based pesticides regulation, driven by the robust and consistent application of scientific evidence.

- Map the availability of effective crop protection solutions that enable improvements in productivity.

- Put permanent measures in place to enable parallel trade of PPPs, and the import of treated seed.

- Make earned recognition, which takes into account membership of farm assurance schemes, part of the Official Controls (Plant Protection Products) Regulations 2020 farm inspection process.

- An expanded range of evidence-based Sustainable Farming Incentive actions to support the uptake and reporting of Integrated Pest Management.

- A Border Target Operating Model that maintains plant health biosecurity, while also enabling effective import of plant production material.

- Cost-effective and efficient border controls for plant production material, and a viable Authorised Operator Status scheme for nurseries.

- Government support for the sugar-beet industry's Virus Yellows Pathway, including for the most promising trials, to provide long-term solutions to Virus Yellows disease.

Bovine TB eradication strategy

Bovine TB (bTB) continues to have a huge impact on thousands of farming families across the country. The emotional, mental, and financial strain which this disease causes is enormous.

The government has introduced a new bTB eradication strategy to end the badger cull by the end of the present parliament. The strategy includes several new workstreams including a badger population survey, a national wildlife surveillance study, a Badger Vaccinator Field Force and a badger vaccination study.

Badger and cattle vaccination trials, while encouraging, must now be conducted at scale to give a true understanding of how vaccination will benefit wildlife and cattle health, and whether it is practically feasible. Vaccination is a key part of the government's new strategy, but it should be recognised that delivering it will incur significant costs.

An increase in investment in bTB controls is needed to ensure there is sufficient funding for research and development in new vaccination programmes and to apply measures on a wide scale.

It would also ensure that the additional controls do not harm the sustainability of farm businesses, providing fair compensation for farmers that continue to be affected by the disease until it is eradicated.

Asks:

- Full funding for the bTB eradication strategy.

- Scaled up badger and cattle vaccination trials.

- Fair compensation for farmers that continue to be affected by the disease until it is eradicated.

Animal health and welfare

There is an ever-present risk of animal diseases, as well as plant pests, disrupting the UK's food chain. Outbreaks result in production losses and incur significant costs for farm businesses, the environment, and the public.

Maintaining high animal health and welfare standards is not only good for farmed animals. It also boosts the UK's reputation globally, supporting trade in overseas markets, and can provide additional benefits, for instance helping with agriculture's climate change goals by reducing methane emissions.

There have been alarming outbreaks of African Swine Fever across Europe, the risk of multi-species diseases such as Foot and Mouth Disease remain a constant threat, and we are seeing a number of cases of Bluetongue in the East and South East of England.

There is a grave risk that parallel outbreaks of these diseases, alongside avian influenza and bovine TB, would place unsustainable demands on regulators and the industry.

Nevertheless, these current outbreaks have demonstrated how under-resourced our capabilities are, with investment needed in research and development, veterinary expertise, IT infrastructure and business support (including mental health) for farmers and wider rural communities.

Veterinary shortages are increasing, especially in rural areas, as qualified vets display a preference for small animal practice over large animal practice. The shortage of vets is most acute in the public health sector, notably with official veterinarians (OVs) in abattoirs.

With the vast majority of these vets not being British by birth, Brexit has exacerbated the problem. These challenges compromise government's ability to efficiently respond to emergencies, such as disease outbreaks, due to a lack of necessary resources.

The full potential of the Livestock Information Service is still to be realised and traceability systems remain inefficient, with a database for cattle and pigs not yet launched. For example, there is no system for recording where animals have been vaccinated using a vaccine permitted under emergency use which is not subsequently authorised.

Clear protocols and an appropriate recording database for animal movements and traceability is needed to facilitate vaccine deployment as well as to allow the monitoring of vaccine uptake and efficacy.

The UK agriculture sector has embraced a One Health approach to how it manages the health and welfare of farmed animals, resulting in global recognition for its responsible use of medicines and disease prevention. This is being threatened by vaccine shortages and the risk of new and emerging exotic diseases.

Government and industry working in partnership with the UK's world class science and research community to improve veterinary pharmaceutical innovation and manufacturing pipelines will encourage business investment while also protecting our food supply chain.

Furthermore, ensuring we have the surveillance intelligence and mechanisms in place to keep disease incursions out, and to react quickly and appropriately should an incursion happen, will help boost international trade by maintaining the UK's leading reputation as a producer of high-quality and safe food and feed.

Asks:

- A cross government, Treasury-funded plan to deal with issues identified on the government risk register that threaten food security, such as antimicrobial resistance and exotic diseases such as African Swine Fever and Foot and Mouth Disease. This should support:
    - R&D into disease mitigation and prevention,
    - recovery and resilience support for farm businesses,
    - investment in IT infrastructure supporting animal traceability and trade resumption, and
    - veterinary capability.

- The government should ensure that the Animal and Plant Health Agency (APHA) has sufficient capacity and capability to prevent and control animal diseases.

- A central fund to cover the cost of veterinary surveillance visits by private surgeons to bring equivalence with the delivery of APHA services which are otherwise delivered at cost to government by Veterinary Delivery Partners.

- Establish a vaccine fund to subsidise or cover the cost of emergency vaccination, with priority given to exotic notifiable diseases. This must be underpinned by a vaccine strategy to improve access to vaccines for all classes of diseases.

- The Livestock Information Service must be developed in line with its original objectives, offering a quicker, more convenient recording of animal movements as well as supporting innovative solutions.

- Government must help facilitate the insurance industries to provide competitive exotic disease insurance products to support farms' recovery from an exotic disease incursion, including the financial losses and business disruption resulting from mandatory disease controls and livestock movement restrictions.

- The government must undertake a strategic review of UK border controls to ensure that UK food security and supplies are protected from disease introductions via illegal or irregular imports of live animals and products of animal origin.

- Modernised legislation (for example a reformed Veterinary Surgeons Act) to better recognise the competencies of paraprofessionals and farmers to ease the burden on the veterinary profession and allow farmers to undertake procedures in which they are competent.

Structural funding for diversification

Diversification opportunities for farmers enhance business resilience, foster growth through alternative income streams and allow for the development of more dynamic rural economies.

Rural communities have a key part to play in economic growth, which is why we support both the UK Shared Prosperity Fund (UKSPF) and Rural England Prosperity Fund (REPF).

These important structural funds allow farmers to invest in their businesses and capitalise on opportunities, facilitating diversification in ventures such as livery yards, wedding venues, tourism accommodation, and farm shops which helps to underpin the long-term profitability of food producing businesses.

They also have the ability to strengthen the rural economy and enhance its dynamism, often through greater engagement with the local community, attracting visitors to the area and creating a range of new employment opportunities.

Asks:

- Confirmation of a further round of the REPF, a multi-year timeframe for fund delivery and expanded availability to all rural communities across England.

- Ringfenced funding for rural and farming businesses to ensure that the REPF is being delivered to those that need it most.

- A formal monitoring group and enhanced transparency on fund performance to develop an active feedback mechanism which ensures local authorities and Defra can improve fund delivery over progressive funding cycles.

- The REPF should be allocated by bid process, where all interested businesses put forward expressions of interest that are then assessed by a board which includes rural representatives to ensure that farming businesses have a fair opportunity for funding support.

RESILIENCE

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A MISSION FOR FARMING:
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